



DIVISION OF HISTORICAL  
POLICY RESEARCH  
FOREIGN RELATIONS BRANCH  
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Balfour, Arthur J., British Secretary of State for Foreign Affairs.

Barclay, Colville A. de R., Counselor of the British Embassy at Washington and Chargé d'Affaires *ad interim*.

Caldwell, John K., Consul at Vladivostok.

Chaikovski, N. V., President of the Supreme government of the northern region, which was later reorganized as the Provisional government of the northern region.

Chicherin, George V., Acting Soviet Commissar for Foreign Affairs, March 13, 1918; Commissar for Foreign Affairs, May 30, 1918.

Cole, Felix, Vice Consul (later Consul) at Archangel; representative of the War Trade Board.

Cravath, Paul D., advisory counsel of the American mission to the Inter-Allied Council on War Purchases and Finance.

Crosby, Oscar T., delegate of the Treasury to the Inter-Allied Council on War Purchases and Finance.

Davison, Henry P., Chairman of the War Council of the American Red Cross.

Dye, Alexander V., representative at Christiania of the War Trade Board.

Elliot, Sir Charles N. E., British High Commissioner in Siberia.

Emerson, Col. George H., in charge of the Russian Railway Service Corps.

Felton, Samuel M., Director General of Military Railways, War Department.

Francis, David R., Ambassador in Russia.

Glass, Carter, Secretary of the Treasury, December 16, 1918.

Goto, Shimpei, Baron, from October 1916 to April 1918 Japanese Minister of the Interior; from April to September 1918 Minister of Foreign Affairs.

Graves, Maj. Gen. William S., commanding the American forces in Siberia.

Hara, Takashi, Japanese Prime Minister, September 30, 1918.

Harris, Ernest L., appointed Consul General May 14, 1918, and detailed to Irkutsk.

Heid, August, representative at Vladivostok of the War Trade Board.

Horvat, Gen. Dmitri L., Russian Governor and General Manager of the Chinese Eastern Railway.

House, Edward Mandell, Special Representative of the United States Government.

Ishii, Kikujiro, Viscount, Japanese Ambassador at Washington.

Jack, Col. Archibald, in charge of the British Railway Mission in Siberia.

Jordan, Sir John Newell, British Minister in China.

Jusserand, Jean Adrien Antoine Jules, French Ambassador at Washington.

Kerensky, Alexander F., from March to May 1917 Russian Minister of Justice; from May to September Minister of War and Navy; from July to November Prime Minister.

Kinoshita, Yoshio, Director of the Traffic Bureau of the Japanese Imperial Government Railways.

Klotz, Louis Lucien, French Minister of Finance.

Knox, Maj. Gen. Alfred W. F., in command of the British forces in Siberia.

Kolchak, Admiral Alexander V., Commander of the Black Sea Fleet; after the November revolution a leader of anti-Soviet forces in Siberia; Minister of War and Navy of the All-Russian Directory; on November 18, 1918, at Omsk, proclaimed Supreme Governor of Russia.

Koo, Vi Kyuin Wellington, Chinese Minister at Washington.

Kudashev, N. A., Russian Imperial Minister in China.

Lansing, Robert, Secretary of State.

Laughlin, Irwin B., Counselor of Embassy in Great Britain and Chargé d'Affaires.

Law, A. Bonar, British Chancellor of the Exchequer.

Lenin, N. (Vladimir Ulyanov), President of the Soviet of People's Commissars, November 8, 1917.

Lindley, Francis O., British Commissioner in Russia.

Lockhart, Robert H. B., British Special Representative in Russia.

McAdoo, William Gibbs, Secretary of the Treasury.

McCormick, Vance C., Chairman, War Trade Board.

MacMurray, John Van A., Chargé d'Affaires in China, June 30 to October 11, 1918.

Masaryk, Thomas G., President of the Czecho-Slovak National Council.

Matsudaira, Tsuneo, in charge of diplomatic affairs of the Japanese expedition in Siberia, 1918-1919.

Maynard, Brig. Gen. (later Maj. Gen.) Charles C. M., of the British Army, in command of the Allied forces at Murmansk.

Michael Alexandrovich, Grand Duke, younger brother of Nicholas II.

Milyukov, Paul N., from March to May 1917 Russian Minister of Foreign Affairs.

Mirbach, Wilhelm, Count von, German Commissioner in Russia; April 26, 1918, German Ambassador to the Russian Socialist Federated Soviet Republic.

Morris, Ira N., Minister in Sweden.

Morris, Roland S., Ambassador in Japan.

Moser, Charles K., Consul at Harbin.

Motono, Ichiro, Viscount, from November 1916 to April 1918 Japanese Minister of Foreign Affairs.

Nekrasov, N. V., Minister of Ways of Communication in the cabinets of Prince Lvov; Assistant Prime Minister and Minister of Finance in the first cabinet of Kerensky.

Nicholas II, Emperor of Russia.

Onou, C., Counselor of the Russian Embassy and Chargé d'Affaires at Washington.

Otani, Gen. Kikuzo, of the Japanese Army, senior officer of the Allied forces in Siberia.

Owen, William H., representative at Stockholm of the War Trade Board.

Page, Walter Hines, Ambassador in Great Britain.

Pichon, Stephen, French Minister of Foreign Affairs.

Polk, Frank Lyon, Counselor for the Department of State.

Poole, DeWitt C., Consul at Moscow; in charge of the Consulate General at Moscow; later detailed to Archangel as Special Assistant to the Ambassador with the diplomatic rank of Counselor of Embassy.

Poole, Maj. Gen. Frederick C., commanding the British forces in north Russia.

Reading, Earl of (Rufus Daniel Isaacs), British High Commissioner and Ambassador on Special Mission to the United States.

Reinsch, Paul S., Minister in China.

Robins, Lieut. Col. Raymond, from December 1917 to May 1918 in charge of the American Red Cross Commission to Russia.

Root, Elihu, Ambassador on Special Mission to Russia.

Semenov, Gen. Gregory, Ataman of the Far Eastern Cossacks.

Sharp, William G., Ambassador in France.

Sheldon, L. P., representative at London of the War Trade Board.

Sonnino, Sidney, Baron, Italian Minister of Foreign Affairs.

Sookine, John, Secretary attached to the Russian Embassy at Washington; later Acting Minister of Foreign Affairs in the Kolchak government, Omsk.

Spencer, Willing, Secretary of Embassy and Chargé d'Affaires in Japan.

Stevens, John F., chairman of the Advisory Commission of Railway Experts to Russia.

Summers, Maddin, Consul General at Moscow.

Tereshchenko, Michael I., from March to May 1917 Russian Minister of Finance; from May to November Minister of Foreign Affairs.

Thompson, Lieut. Col. William B., in 1917 in charge of the American Red Cross Commission to Russia.

Trotsky, L. D. (Bronstein), chairman of the Petrograd Soviet of Workmen's and Soldiers' Deputies, October 8, 1917; Soviet Commissar for Foreign Affairs, November 8, 1917, to March 13, 1918; Commissar for War and Navy, March 13, 1918.

Uchida, Yasuya, Viscount, Japanese Minister of Foreign Affairs, September 30, 1918.

Ughet, Serge, Financial Attaché of the Russian Embassy at Washington.

Ustrugov, L. A., Assistant Minister of Ways of Communication under Kerensky; Minister of Ways of Communication in the successive Siberian governments at Omsk.

Vologodski, Peter V., member of the Directory and Minister President of the all-Russian government, Omsk; member of the Kolchak government.

Vopicka, Charles J., Minister in Rumania, Serbia, and Bulgaria.

Wardwell, Maj. Allen, from May to October 1918 in charge of the American Red Cross Commission to Russia.

Whitehouse, Sheldon, Secretary of Embassy in Russia; assigned to Stockholm January 8, 1918; later, Chargé d'Affaires in Sweden.

Willard, Daniel, railway president and chairman of the Advisory Commission of the Council of National Defense.

Wilson, Woodrow, President of the United States.



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	Oct. 7	Department memorandum	Russian Ambassador requests that Russian currency printed in the United States be sent to Vladivostok, to be held in escrow.	74

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1148	1918 Oct. 16	From the British Chargé	The situation demands that the British plan be put into operation not later than Oct. 19.	75
	Oct. 21	To the British Embassy	Withdrawal of objection to the British plan for supplying temporary currency in north Russia.	77
221	Oct. 23	From the Consul at Vladivostok (tel.)	Suggestion of representatives that local bank issue small currency against large notes as guaranty.	78
513	Oct. 24	From the Ambassador in Russia (tel.)	Arrival of British financial expert with new rubles.	79
	Oct. 25	From the Russian Ambassador	Requests consent to order from a bank-note company small currency for Siberian use.	79
521	Oct. 25	From the Ambassador in Russia (tel.)	Discussion with British financial expert of plan for currency in north Russia.	80
324	Oct. 26	To the Ambassador in Russia (tel.)	Forwards summary of Department's memorandum of Oct. 21 regarding British proposal for new currency.	82
3126	Oct. 26	From the Chargé in Great Britain (tel.): Cravath to McAdoo	Treasury representatives of the Allies agree that France should undertake emergency note issue for Siberia.	82
3169	Oct. 29	From the Chargé in Great Britain (tel.): Cravath to McAdoo	Further discussion of the issue of currency for Siberia.	84
	Oct. 30	From the Russian Financial Delegate	Application for permission to ship to Vladivostok Russian bank notes printed in the United States.	84
	Oct. 30	To the Secretary of War	Request that the War Department arrange shipment of Russian bank notes to Vladivostok on army transport.	85
1212	Nov. 1	From the British Chargé	Defense of the British plan for currency in north Russia; discussion of currency for Siberia.	86
2593	Nov. 2	To the Chargé in Great Britain (tel.): Rathbone to Crosby	Plan for supplying temporary needs for currency in Siberia.	87
	Nov. 8	From the Russian Ambassador	The Omsk authorities would resent any issuance of currency in Russia without their concurrence.	88
348	Nov. 9	To the Chargé in Russia (tel.)	Inquiry regarding operation of new ruble issue at Archangel.	89
586	Nov. 18	From the Chargé in Russia (tel.)	Description of new notes of northern Russia and suggested precautions regarding issue.	89
587	Nov. 18	From the Chargé in Russia (tel.)	Regulations governing the emission (conversion) office, issuing new currency in north Russia.	90
2973	Nov. 22	To the Chargé in Great Britain (tel.): Rathbone to Crosby	Authority for shipment of Russian bank notes from the United States to Vladivostok.	91
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20	Dec. 6	To the Consul at Archangel (tel.): from the War Trade Board	U. S. plan to issue trade notes for use in Russia communicated by Russian Embassy to Kolchak government.	93
665	Dec. 17	From the Chargé in Russia (tel.)	Efforts to obtain rubles for use at Murmansk; loan by the emission office to the northern government.	94
	Dec. 23	To the Consul at Vladivostok (tel.)	War Department will assume expense of printing notes for use of U. S. forces in Siberia.	95
4877	Dec. 24	From the Ambassador in Great Britain (tel.): Sheldon to W. T. B.	British Treasury would have the United States provide currency in Siberia but deprecates use of U. S. plan in north Russia.	96
	Dec. 27	To the Consul at Vladivostok (tel.)	Information for Harris concerning Russian bank notes shipped to Vladivostok but held on transport	96
	Dec. 28	Department memorandum	Russian Financial Attaché Ughet was not aware that bank notes were not to be released for circulation.	97
704	Dec. 30	From the Chargé in Russia (tel.)	Confusion in north Russia in the operation of the new ruble issue.	98
3741	Dec. 31	To the Ambassador in Great Britain (tel.): W. T. B. to Sheldon	Pending action by Paris conference nothing further will be done regarding currency matter.	100
385	Dec. 31	From the Consul at Vladivostok (tel.): to W. T. B.	Russian attitude toward U. S. refusal to deliver bank notes at Vladivostok.	100
	1919 Jan. 8	To the Acting Chairman of W. T. B.	Recommends that second shipment of Russian bank notes be held at San Francisco and license for additional shipment be canceled.	100

## CHAPTER III. COMMERCIAL RELATIONS AND RELIEF

RESTRICTION OF EXPORTS TO RUSSIA AFTER THE REVOLUTION OF NOVEMBER 1917—LIMITED SHIPMENTS OF NONMILITARY GOODS PERMITTED—PROJECTS FOR BUYING UP SUPPLIES IN RUSSIA TO PREVENT THEIR ACQUISITION BY GERMANY; ORGANIZATION OF THE “GOODS EXCHANGE” (TOVARO-OBMIEN)—MEASURES FOR RELIEF IN ARCHANGEL AND MANCHURIA

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1884	Dec. 5	To the Ambassador in Russia (tel.)	Department will endeavor to secure delivery of boots for supply committee of northern railways.	105
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	Feb. 25	From the Commercial Adviser of the British Embassy	Release of stores at Archangel in exchange for receipt in Russia of the <i>Dora</i> and <i>Nassovia</i> cargoes.	109
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	Mar. 27	To the Consul General at Moscow (tel.)	Efforts to secure delivery of shoes to Cooperative Societies in exchange for grain.	113
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89	Apr. 12	From the Ambassador in Russia (tel.)	Recommends purchase of supplies without delay and assembly at Archangel, to prevent German purchase.	117
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	Nov. 9	To the Consul at Vladivostok (tel.): W. T. B. to Heid	Incorporation of the War Trade Board of the United States Russian Bureau.	165
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## CHINESE EMBARGO ON EXPORTS TO SIBERIA: WITHDRAWAL AT THE INSTANCE OF THE UNITED STATES

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	Feb. 2	To the Minister in China (tel.)	Representations to Foreign Office against prohibition of exports to Siberia of American-owned merchandise.	172
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2047	Feb. 6	To the Ambassador in Russia (tel.)	Deprecates any embargo on exports to Siberia at this time.	174
	Feb. 14	To the Minister in China (tel.)	Inquires if embargo on food exports to Siberia has been removed.	174
	Feb. 19	From the Minister in China (tel.)	Foodstuffs are now allowed to go to Irkutsk. Minister suggests precautions to prevent enemy destination.	175
	Feb. 23	To the Minister in China (tel.)	Suggestion of measures to relieve distress in Siberia and to prevent enemy destination of exports.	175
	Apr. 25	To the Minister in China (tel.)	Ambassador Francis forwards request of Soviet Foreign Commissar that Chinese embargo on exports into Russia be annulled.	175
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	May 23	To the Consul at Harbin (tel.)	The United States has not changed its attitude against the embargo.	178
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## CHAPTER IV. ASSISTANCE IN RAILWAY TRANSPORTATION

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1179	Apr. 11	From the Ambassador in Russia (tel.)	Request to expedite completion of Russia's contracts for railroad equipment.	185
1324	Apr. 16	To the Ambassador in Russia (tel.)	Car and locomotive manufacturers agree to expedite Russian railway orders.	185
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1236	Apr. 29	From the Ambassador in Russia (tel.)	Informed that Ministry resents British suggestion of turning over Siberian Railway to the United States.	188
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1634	Aug. 16	To the Ambassador in Russia (tel.): Willard to Stevens	If necessary, can furnish railway men desired.	197
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1925	Oct. 27	From the Ambas- sador in Russia (tel.)	Stevens as adviser to the Minister of Communications is empow- ered to put in operation his recom- mendations.	203
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RUSSIA  
ECONOMIC RELATIONS



# RUSSIA

## ECONOMIC RELATIONS

### CHAPTER I

#### LOANS TO THE PROVISIONAL GOVERNMENT—SOVIET FINANCIAL DECREES

Offer of a Credit to the Russian Provisional Government, April 3, 1917—Credit of One Hundred Million Dollars Established for the Purchase of Supplies, May 16, 1917—Special Credit of Seventy-Five Million Dollars Established for the Payment of Forces in Finland, July 17, 1917—Additional Credits of One Hundred Million, August 23, 1917, and Fifty Million, October 12, 1917<sup>1</sup>—Negotiations for Further Credits

File No. 861 51/131

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 3, 1917, 6 p. m.

1295. Secretary of Treasury requests that you confer immediately with Minister of Finance and ascertain if financial aid or credit is desired by the Russian Government, and if so, probable amount and over what period of time it should be available, and as to what is the most effective way in which such aid or credit can be extended. You may discuss tentatively the idea that the United States Government might extend such credit by purchasing for the United States Treasury obligations of the Russian Government bearing the same rate of interest that the Government of the United States would have to pay for the money with which to purchase the obligations of the Russian Government. Ascertain, also, whether or not any credit extended by the United States in the circumstances would be used for the purchase of supplies in the United States, and what amount of credit would likely be required over a period of six months. The fullest expression of views of the Russian Government on the whole question of financial aid or credit by the United States Government is desired. Secretary of Treasury requests reply as soon as possible.

LANSING

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<sup>1</sup> The dates of credits are those of the Treasury accounts.

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, April 6, 1917, 12 p. m.

[Received April 8, 7.45 p. m.]

1161. Your 1295. For Secretary of Treasury:

Had two conferences with Minister of Finance who says loan would be highly appreciated by Council of Ministers and all Russia. Russia would expend entire proceeds in the United States by direct purchases and not through British intervention as heretofore. Estimates requirements at \$500,000,000 provided tonnage therefor can be secured. Is understood, he states, loan of \$500,000,000 each being made by us to England and France or \$1,000,000,000 jointly, and says would be injurious to new government and humiliating to Russia if she were not granted the same terms. After deliberation and conferences with colleagues he suggests that Russia issue 5 per cent bond in dollars to the extent of \$500,000,000 and that our Government advance 95 to 97 per cent thereon as required to pay for purchases, such advances, bearing 97 [5?] per cent, to be repaid by Russia one year after peace treaty is signed if not sooner liquidated by sale of bonds.

Russia will announce new 5 per cent loan, called liberty loan, in a few days amount of which is unlimited and underwritten to the extent of \$3,000,000,000 by Russian bankers who will offer to public at 85 charging no commissions. Such bonds mature in 49 years but reductions of loan will begin by drawings in 1922 and it is expected entire loan will be liquidated in 21 years. Russia's total debt is Rs. 28,788,000,000. Annual interest Rs. 1,474,000,000. Circulation Rs. 10,777,000,000 outstanding against which has gold reserve of Rs. 3,602,000,000 of which Rs. 2,141,000,000 is on special deposit in England, the remainder in Petrograd. Some outstanding bond issues of 1905, 1906, and 1909 specify gold value of rubles in which principal and interest are payable and such bonds are selling much higher than other loans not containing such specifications. Witte in 1897 reduced the gold in the ruble which depreciated its value in our money from almost 75 cents to 51½ cents consequently there is some fear that similar action may be taken by this Government or its successor. The Minister of Finance however says there is no possibility thereof. This arrangement would not be affected by any decline in value of ruble from any cause whatever as the bonds and interest thereon would be payable in American dollars in America.

Russia owns boundless forests, immeasurable deposits of ores and oils, and immense areas of tillable lands. This loan in my judgment

would be absolutely safe. Furthermore it is advisable from every viewpoint of policy.

FRANCIS

File No 861 51/133

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 13, 1917, 5 p. m.

1313. From Secretary of Treasury:

Replying to your cable April 6 please advise Minister Finance that Congress will probably pass a bill shortly authorizing the Secretary Treasury, with approval of President, to extend direct loans to those foreign governments which can make use of financial aid most effectively in fighting the common enemy. There is the friendliest disposition towards Russia whose Government we are most anxious to support and assist in every practicable and effective way. We shall have to consider the situation of each government and the use it can make of financial aid in order to determine where such aid can be most wisely and powerfully employed. Please secure as much information as possible about the determination and ability of the Russian Government to carry on the war, if financial aid is forthcoming, and cable the fullest possible information. Inform Minister Finance that whatever financial aid is extended will be extended by Treasury of the United States direct to the borrowing government. Loans will be made at the same interest rate the Government of the United States has to pay on its own bonds. The rate of interest will probably not exceed 3½ or 4 per cent. Russian obligations would be taken if the loan is made at par, without any discount whatever, and at the rate of interest indicated. The general terms and conditions of the loans will be determined by the Secretary of Treasury with approval of the President. The obligations of the foreign government, to which the loan is made, will be purchased for the Treasury of the United States, and the maturities of such obligations will be jointly agreed upon.

LANSING

File No 861 51/134

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, April 20, 1917, 2 p. m.

[Received April 21, 11.35 a. m.]

1204. Answering your 1313, April 13, 5 p. m., received 17th. For Secretary of the Treasury:

Minister of Foreign Affairs is much pleased prospect of securing American loan. Learned following from him: Russia's indebtedness

to England for supplies furnished previous to 1917 Rs. 5,000,000,000. Estimated requirements by previous Government of His Majesty made to conference of Allies,<sup>1</sup> held here in February, was 8,000,000 tons but reduced by Lords Milner and Revelstoke and associates to 4,200,000 tons, estimated cost thereof Rs. 2,200,000,000. In addition thereto England agreed to furnish Russia \$360,000,000 to pay for purchases in America during 1917, such purchases to be made by Russian commission in America but approved by England. France soon after war began extended credit to Russia of Fr. 125,000,000 monthly but that limit never consumed so that Russia's present indebtedness to France on open account for war supplies is less than Fr. 1,000,000,000. English indebtedness bears 6 per cent, French 5 per cent, and both are due two years after war ends. England and France have both promised to aid Russia in placing bonds to meet this indebtedness.

Plan proposed in my No. 1161 of the 6th was that advances made by us should be repaid one year after treaty of peace signed, which Minister of Finance thinks would probably be two years after war ends.

Minister of Finance appreciates low interest you suggest but desires as long time as we can grant saying would pay advanced rate therefor. Repeats that proceeds of loan be expended in our country. Estimates railroad requirements \$220,000,000 for locomotives, cars, rails, and appurtenances, which Russia needs badly.

Says remainder of loan be used for agricultural products and implements and for promoting industrial enterprises in Russia and strengthening country's gold reserve in event of early termination of war.

Told him no aid whatever would be extended if separate peace concluded of which he said that "there is no possibility." Minister desires to hold England to furnishing \$360,000,000 mentioned above in addition to what we advance Russia. When details of loan arranged we should suggest safeguards concerning expenditure. More to-morrow.

FRANCIS

File No 861 51/135

*The Ambassador in Russia (Francis) to the Secretary of State*  
 [Telegram]

PETROGRAD, April 21, 1917, 10 p. m.

[Received 11 p. m.]

1212. For the Secretary of the Treasury:

Minister of Finance states total annual interest Rs. 1,400,000,000; total funded debt Rs. 37,000,000,000, of which Rs. 1,000,000,000 ma-

<sup>1</sup> Cf. vol. I, p. 135.

ture in 1921, Rs. 1,000,000,000 in 1925, and Rs. 2,000,000,000 in 1926; remainder are 49-year bonds maturing in 1963. Says state holdings of lands and forests and deposits of coal, petroleum, platinum, and gold aggregate much more [than] total indebtedness. Pokrovski, late Minister for Foreign Affairs and former Comptroller of the Empire, is now employed by Government in appraising Russia's assets. Shall cable report when finished. My judgment is that Russia can undoubtedly meet all obligations. What Minister of Finance most desires is long time, and would pay 4½ per cent or even 5 per cent therefor. Says confidentially would like to transfer from England to us the \$360,000,000 mentioned in my No. 1204, but without taking same out of our loan to Russia which should be at least equal to that of England and France (see my telegram 1211 to Lansing concerning conditions<sup>1</sup>).

FRANCIS

File No. 861.51/137

*The Ambassador in Russia (Francis) to the Secretary of State*  
 [Telegram]

PETROGRAD, April 25, 1917, 6 p. m.

[Received April 26, 1 p. m.]

1222. Minister of Finance and myself anxiously awaiting advices concerning Russian credit. Anticipating its extension, Minister of Ways of Communication cabled Schulenburg, Russian purchasing agent, New York:

Immediately order to commence work 500 locomotives and 10,000 twenty-ton cars for quickest delivery. Consult American War Department. Credit terms arranged later but money considered quite sure.

This result of conference with Embassy military attaché. Say to Secretary of the Treasury I have made no definite promise but think advances to Russia safe and advisable for vigorous war preparations.

FRANCIS

File No. 861.51/138

*The Secretary of State to the Ambassador in Russia (Francis)*  
 [Telegram]

WASHINGTON, April 28, 1917, 2 p. m.

1359. From Secretary of Treasury:

Cable received. Am considering carefully credit needs Russia along with other governments. Hope to reach conclusion shortly

<sup>1</sup> Vol. I, p. 27.

and will advise you fully. Contemplated orders for freight cars and locomotives should not be considered without consultation with Treasury Department. This most important if purchases are to be made on reasonable basis and proper deliveries secured. Contemplated financial arrangements under act of Congress will necessitate formation of commission under direction of the Treasury through which all purchases of supplies in United States for Allied Governments may proceed with assurance of proper coordination and best results. Great Britain, France, and Italy have accepted this principle and loans to them will be made on this basis. Understand that Russia also accepts this principle. Details being worked out. Full advices will be sent you at earliest possible moment. Meanwhile somebody in Washington should be given plenary power to act for and sign necessary obligations and agreements for Russian Government as well as power to draw checks against deposits of the funds which may be loaned by Treasury Department. Otherwise unnecessary delays will result.

LANSING

File No 861.51/140

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, April 29, 1917, 8 p. m.

[Received April 30, 6.30 a. m.]

1236. Just had call from two Ministers who tell me Ministry much astonished over presence there of English and French missions<sup>1</sup> and statements in press that credit likely to be extended to England at rate of \$200,000,000 monthly; to France for \$100,000,000; to Italy for \$50,000,000; and to Russia for probably \$100,000,000. They are very fearful of our granting credit to England for Russia or to Russia through England and say such policy would be grievous mistake and would hurt Russian pride irreparably, in which I fully concur. New liberty loan very popular. Minister of Finance addressed Moscow Bourse Friday when resolution was unanimously adopted pledging every interest represented to subscribe to extent of 25 per cent of its capital. Subscription was Rs. 700,000,000. Object of this call was to caution us against extending credit to Russia through England whose patronizing attitude is bitterly resented by people and Ministry. Russian commission will leave within ten days. Can we send cruiser to Bergen or Liverpool to meet it? Such suggestion made by Ministers calling and strikes me favorably.

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<sup>1</sup> British and French missions, headed respectively by Balfour and Viviani, arrived in Washington Apr. 23 and 25.

Callers told me Ministry resented suggestion of British Ambassador that Siberian Railway be turned over to us, saying Russia does not need nurses but had agreed directly with us concerning Vladivostok and had candidly told me yesterday of their wishes and requirements in White Sea. You see their sensitiveness especially [as concerns] England.

FRANCIS

File No 861 51/141

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, May 1, 1917, 8 p. m.

[Received May 2, 11.30 p. m.]

1239. For Secretary of the Treasury:

Answering Department's 1359, April 28, 2 p. m. If I understand your message you propose forming commission for giving orders there for all [supplies?]. Such arrangement seems wise and is acceptable to the Minister of Finance, Minister of Ways of Communication, Minister of Trade and Industry, with whom had joint conference to-day. They would greatly appreciate, however, our prompt contracting for 10,000 freight cars and 500 locomotives and our arranging for delivery thereof at Vladivostok, this being start on 40,000 freight cars and 2,000 locomotives. Their rolling stock requirements are urgent. Whenever such contracts consummated, Russian Chargé d'Affaires will be authorized to execute whatever form of obligation you prescribe and to draw checks against deposits. They still object to any intermediary between ourselves and Russian Government. Holbrook, representing International Corporation, here endeavoring to secure commission for purchase of railroad equipment and so informs me. Of course I am recommending no specific American firm but relying upon you for Russia's necessities being promptly and fairly met.

FRANCIS

File No 861 51/142

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, May 7, 1917, 5 p. m.

1386. Your 1239, May 1, 8 p. m. Secretary of the Treasury replies to your telegram May 1 as follows:

The act of Congress authorizes the Secretary of the Treasury to lend money to foreign governments making war on Germany on such terms and conditions as he thinks necessary or desirable, but he must take back an obligation from the foreign government to

which the loan is made, bearing 3½ per cent interest and having a maturity to be agreed upon. In order to negotiate such a loan it is necessary for some representative of the Russian Government in the United States to be empowered by the Russian Government to sign the necessary agreement or agreements containing the terms and conditions under which the loan is made, and also to execute the note or obligation of the Russian Government to the United States. After the loan is thus made, the representative of the Russian Government in the United States should have power to open an account with the Treasurer of the United States, or with banks in the United States designated by the Secretary of the Treasury, and to draw checks against such account in order that payments may be made from time to time for supplies purchased in the United States.

The loan transaction will be a direct one between the United States Government and the Russian Government, but no progress can be made until the Russian Government fully empowers its representative in the United States to act for and bind it. Will such power be conferred and upon whom? The loan so made by the United States Government will contain a provision that no supplies are to be purchased in the United States without the approval of a representative of the Treasury Department. This will insure the purchase of supplies in the United States upon the most reasonable terms and will facilitate prompt deliveries. This is as much to the interest of the Russian Government as to the American Government, because there is not an unlimited supply of credit in the United States and the demands of all the Allied Governments are great. Our credit resources must, therefore, be used to the best advantage. After the loan is made the Russian representative in the United States designated by the Russian Government to make purchases can negotiate immediately through the Treasury Department for the purchase of railroad cars and locomotives as desired by the Russian Government, and everything will be done by this Government to facilitate such purchases and deliveries. Please make this clear and cable reply quickly as possible.

LANSING

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File No 861.51/145

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, May 11, 1917, midnight.

[Received May 13, 7 a. m.]

1275. For Secretary of the Treasury:

Your 1386 received to-day. May [they?] accept it and Minister for Foreign Affairs says plan entirely satisfactory. Minister of Finance authorized Russian Chargé d'Affaires, Washington, act for Russia until Bakhmeteff<sup>1</sup> arrives about June 15.

FRANCIS

File No 861 51/146

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, May 15, 1917, 8 p. m.

[Received May 17, 7.45 a. m.]

1291. Your 1359.<sup>2</sup> Foreign Office now formally advises me at the request of Russian Chargé d'Affaires at Washington that Mr. Onou is designated by the Russian Government to sign in the name of his Government the obligations and make declarations in connection with the bill for credits to the Allies pending the arrival in America of Mr. Bakhmeteff.

FRANCIS

File No 861 51/148

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, May 17, 1917, 6 p. m.

1415. The Secretary of the Treasury desires you to communicate the following to the Minister of Finance:

The Secretary of the Treasury salutes the Minister of Finance of Russia and begs to inform him that he has, with great pleasure, established to-day a credit in behalf of the Russian Government of \$100,000,000. This credit is to bear interest at 3 per cent per annum until converted as hereinafter stated. Interest will begin to run from the date of the respective drafts drawn by the Russian Government against this credit. The same arrangement has been made with regard to this credit as with the credits established by the United States Government in favor of Great Britain, France, and Italy; namely, that the supplies purchased in the United States with the proceeds of such credits shall be made through a commissioner, or a commission of the Treasury Department, whose duty it will be to make such purchases in behalf of and on the requisitions and speci-

<sup>1</sup> Boris A. Bakhmeteff, head of the Russian mission to the United States, and later, July 5, 1917, Ambassador at Washington.

<sup>2</sup> *Ante*, p 5.

fications of the borrowing government, securing the most favorable possible prices and deliveries. The execution of the orders and the inspection of the supplies will be carried out under the supervision and direction of the duly constituted representatives of the Russian Government in the United States. We are proceeding immediately with the negotiations for the 500 locomotives and 10,000 freight cars referred to in your previous cables, keeping at the same time in close touch and cooperation with the representatives of the Russian Government in the United States. The payments for these locomotives and cars will be made out of the \$100,000,000 credit established as herein stated.

I should state that if at any time before June 30 any sum is drawn against the present credit to meet payments for supplies purchased the amount will be represented by a short-time certificate of indebtedness maturing on that date, bearing not more than 3½ per cent interest, but it will then be refunded into a longer-time obligation, the rate of interest being always the same rate as that which the United States must pay upon its own obligations issued to provide such credit. Under the act of April 24, 1917, it is provided that if the United States is obliged to borrow money at a higher rate than 3½ per cent during the continuance of the war with Germany, then the obligations of the foreign governments taken by the United States shall be converted by the borrowing governments into new obligations bearing the higher rate of interest paid by the Government of the United States. The object of the law is to give the foreign governments making common cause with the United States against Germany the benefit of the credit of the United States at all times at exactly the same rate that the United States itself has to pay. All credits made under authority of the act of Congress approved April 24, 1917, have in view, as shown by the title and specific text of that act, the prosecution of the existing war. The purposes of the loans made under the authority of this act are correspondingly limited. In case of the discontinuance of war the credits will of course cease to be extended. The commission headed by former Secretary of State Root will, upon its arrival in Petrograd, enter very fully into a discussion with the Russian Government of its financial needs to carry on the war, and every effort will be made by the Government of the United States to extend, within the limits authorized from time to time by the Congress, financial assistance to the Russian Government.

The Secretary of the Treasury expresses the hope that the credit of \$100,000,000 now established will be received by the Russian Government and the Russian people as substantial evidence of the friendship of the American people and of their desire to assist the Russian Government in carrying on the war and in concert with the United States and the Allies to establish liberty throughout the world and particularly to assist the Russian people in securing the blessings of self-government and ultimately of a permanent peace.

LANSING

File No 861 51/154

*The Ambassador on Special Mission to Russia (Root) to the Secretary of State*

[Telegram]

PETROGRAD, July 8, 1917, 7 p. m.

[Received July 9, 11.15 p. m.]

15. Critical situation exists here requiring payment of naval and part of military force of Warsaw [Finland] for which Russian paper money can not be used. This affects most powerful part of Baltic Fleet and unless met promptly will seriously endanger existing government and whole line of Russian offense and defense. Under these pressing conditions we recommend that for the purpose of insuring the prosecution of the war a further credit of \$75,000,000 be made available immediately for Russia without any limitation as to where money will be used. Minister for Foreign Affairs assures us this amount will suffice for this important purpose until next November. It is now apparent that the deficiency in tonnage will greatly reduce the quantity of munitions for which credits to Russia will be required. Answer should be received by Francis if possible prior to July 14, July 1, Russian style, when pay is due.

ROOT  
FRANCIS

File No 861 51/157

*The Acting Secretary of State to the Ambassador in Russia (Francis)<sup>1</sup>*

[Telegram]

WASHINGTON, July 9, 1917, 5 p. m.

1552. Please advise Minister for Foreign Affairs that \$75,000,000 additional credit will be made available immediately for Russia as requested Root's telegram July 8.

POLK

File No 861 51/161

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, July 11, 1917, 9 p. m.

[Received July 16, 7.30 a. m.]

1497. Answering your 1552, July 9, 5 p. m., Root and I joined in recommendation for \$75,000,000 credit. Russia will use that credit

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<sup>1</sup> Sent at the request of the Secretary of the Treasury.

to procure Finnish marks with which to pay Russian soldiers in Finland and Russian sailors in Finnish waters who will not accept rubles. This \$75,000,000 is separate credit for specific purpose and will be used solely for the purpose mentioned and consumed in such amounts and at such times as requirements determine. If Russian soldiers or sailors should be withdrawn from Finland and Finnish waters or for any reason Finnish marks should not be required to pay Russian soldiers and sailors this \$75,000,000 credit will not be consumed, but under no circumstances is it to be increased without additional agreement. Thinking Finland might have designs use this credit for purchases in the United States, I have definitely informed Russian Government that the extension of this credit carries no obligation on our part to permit any kind of exports to Finland or elsewhere. Minister of Foreign Affairs at front returning 14th. Above agreement however quite definite. It is possible Finland may require some or all of credit transferred by Russia (to be kept?) in London to which I suppose you do not object. Russian-Finnish relations strained. Please answer by telegraph immediately whether above agreement is clearly understood.

FRANCIS

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File No. 861.51/159a

*The Acting Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, July 12, 1917, 3 p. m.

1560. Please continue to keep Department as fully advised as possible with regard to political situation and your suggestions as to the extent to which our Government should go in the way of financial assistance to Russia.

POLK

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File No. 861.51/160

*The Acting Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, July 14, 1917, 4 p. m.

1568. Following from Secretary of Treasury:

The Secretary of the Treasury, in conformity with his declaration of July 9 answering Mr. Root's recommendation of July 8, has to-day agreed with Ambassador Bakhmeteff to place to the credit of the Russian Ministry of Finance, specifically to the account "Compte section étrangère extraordinaire" in the National City Bank, the sum of \$75,000,000 in parts as the same may from time to

time be called for by the Russian Ambassador, beginning to-day with \$10,000,000. Future payments on this account are authorized by the Ambassador to be made to Mr. W. Novitsky for deposit to the same account. It has been assumed that the Ambassador has the right to sign obligations of his Government for the sums loaned; to receive the moneys covered by such obligations; to deposit them in depositaries chosen by him; and to designate to the Secretary of the Treasury others than himself to whom Treasury warrants may be drawn and upon whose order deposits may be made of the sums involved. The Secretary of the Treasury respectfully requests to be informed as to whether this assumption is entirely correct and that the Russian Government approves and adopts all that has been done under this procedure by its Ambassador.

POLK

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File No 861 51/166

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, July 17, 1917, 8 p. m.

[Received July 23, 6.15 a. m.]

1524. Also for Secretary of Treasury:

Foreign Office in note of July 14 received 16th in Russian, translated to-day, states Minister of Finance has just been informed by his agent in England "of the categorical refusal of the British Government to continue payment on Russian orders in the United States in view of the fact that the British Government itself disposes of no other credits in dollars save those which opened for payments of English orders." Russian Government consequently asks: "A further credit of \$25,000,000 destined to cover most urgent payments on orders formerly placed in United States as against English credits."

The note refers to another credit of \$25,000,000, of which I am not aware, the only credits advised being \$100,000,000 and the \$75,000,000 with which to purchase Finnish marks. Following is suggested disposition of the two credits of \$25,000,000 each:

- (1) Urgent payment on orders of the Minister of Ways of Communication, \$2,500,000;
- (2) For adjusting various financial obligations, among them our debt to Guaranty Trust Co., \$12,005,000 [*sic*];
- (3) For urgent needs of Russian industry, \$9,000,000;
- (4) For transportation through Sweden of agricultural machinery bought in America and for the purchase, \$1,000,000;
- (5) For urgent payments on orders leaving to-day against British credits, \$25,000,000.

Am not seeking additional work or responsibility but think these financial credits should be extended through me or that I should certainly be advised thereof especially as Minister of Finance resigned last evening and successor not yet named. Entire Provisional Government has uncertain tenure, four Cadet ministers having resigned and remainder now conferring with Workmen and Soldiers concerning future policy. See my No. 1521.<sup>1</sup>

FRANCIS

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File No 861 51/165

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, July 17, 1917, 9 p. m.

[Received July 23, 4:45 a. m.]

1525. Also for Secretary of Treasury:

Answering Department's 1568, July 14, 4 p. m., just received. Nature and operation of \$75,000,000 loan fully explained in my 1497, July 11, 9 p. m., which stated none of such required for ten days or after negotiations consummated with Bank of Finland. That cable framed after personal conference with Director of Credit Chancellery who said would confer with president, Bank of Finland, 17th, and advise result. Note from him dated July 14 received yesterday states:

Russian Government would notify Federal Government through American Ambassador, Petrograd, of the amount of dollars to be deposited on account of the Russian Government at the National City Bank, New York, to enable same to proceed to the crediting of the Bank of Finland. This notification be accompanied by a copy of the telegram addressed by Minister of Finance to National City Bank, which telegram would direct disposition of such deposit.

Have no reason to believe that Russian Ambassador at Washington not authorized to accept \$10,000,000 payment but the manner of payment on this \$75,000,000 loan shall [should] be defined and I should be advised thereof as loan negotiated for specific purpose and available for no other. See my No. 1524 concerning situation at Ministry of Finance. Shall cable when Minister of Finance appointed or when can see Minister for Foreign Affairs which is impossible now.

FRANCIS

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<sup>1</sup> Vol. I, p. 159.

File No. 861.51/165

*The Acting Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, July 18, 1917, 4 p. m.

1577. From Secretary of Treasury:

Your cable July 11, 1917, in reference to credit of \$75,000,000 for the Government of Russia. This credit was granted on July 9, without imposing conditions upon the Russian Government as it was recognized from the representations made that it was vital to Russia's national security and a successful conduct of the war.

POLK

File No. 861.51/167

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, July 18, 1917, 7 p. m.

[Received July 23, 3.20 a. m.]

1529. Also for Secretary of the Treasury:

Minister for Foreign Affairs whom have just seen says Government responsible for \$10,000,000 payment to Bakhmeteff but that requests for future installments on \$75,000,000 loan will be made through Embassy here and used only for the specific purpose of paying army and navy in Finnish marks where such are required. Told him would not recommend extension of additional \$25,000,000 credit mentioned in my telegram No. 1524 until satisfied present Provisional Government will survive or some strong government established which can preserve order and prosecute war. Told me knew nothing of any credits extended by us except for \$100,000,000 and for \$75,000,000 notwithstanding communication from his department of July 14, mentioned in my No. 1524. What credits have we extended? See my No. 1528 about conditions here.<sup>1</sup>

FRANCIS

File No. 861.51/168

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, July 22, 1917, 6 p. m.

[Received July 23, 6.32 p. m.]

1542. Answering your telegram 1577, July 18, 7 [4] p. m.; also for Secretary of Treasury:

Cable of July 8 signed Root and Francis was framed by signers after two joint conferences with Minister for Foreign Affairs who

<sup>1</sup> Vol. I, p. 160.

applied for separate credit of \$75,000,000 for specific purpose of purchasing Finnish marks for payment army and navy in Finland and Finnish waters and with assurance such credit if extended would be applied exclusively for that purpose and would meet such requirements until November. Root left 9th instant before Department's 1552, July 9, 5 p. m., received. My 1497, July 11, 9 p. m., fully explained object of \$75,000,000, none of which used yet because Government has not negotiated for marks with Bank of Finland. Ten million paid Bakhmeteff was part of \$75,000,000 credit.

While keeping Department informed concerning conditions here and of requests of Russian Government have made no recommendations concerning additional credits because awaiting definite official information concerning Government which essential to forming opinion about advances. Minister for Foreign Affairs coming to Embassy this evening. After conference shall cable again.

FRANCIS

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File No 861 51/169

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegiam]

PETROGRAD, July 22, 1917, 11 p. m.

[Received July 23, 5.22 p. m.]

1543. Also for the Secretary of the Treasury:

Minister of Foreign Affairs just left Embassy. Says Kerensky returns midnight when meeting Council of Ministers be held. Kerensky, President and Minister of War; Nekrasov, Vice President without portfolio.<sup>1</sup> Says troops being dispatched Finland to sever [subdue] obstreperous sailors in Baltic Fleet and affirms with emphasis that war be prosecuted with new vigor notwithstanding reverses on southwest front. Says new Minister of Finance, new Minister of Justice, be named to-morrow without awaiting meeting of All-Russian Council Workmen-Soldiers, called July 28. When asked if Ministry would consult Workmen-Soldiers before filling vacancies replied certainly not and expressed conviction that such council losing its influence. This confidence inspired by Kerensky's attitude, which [is] determined and aggressive, as he [is] undoubtedly most potent influence in Russia now.

Says first \$25,000,000 credit mentioned in my No. 1524, applied for to Root mission, but if so do not think latter recommended, as did not mention to me and said had given me copies of all cables to the Department. Minister for Foreign Affairs now desirous we should debit to Russia direct the American supplies contracting

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<sup>1</sup> Cf. vol. I, p 163

through England and J. P. Morgan and which Russia especially requested England should not be released from, as you will observe from my first cables on this subject. He also requests that contracts made by Russian commission in America when Bakhmeteff, present Ambassador, connected therewith, be assumed by us and debited direct to Russia. Total of two classes of such obligations about \$250,000,000. Reminded him of previous position regarding English obligations which he admitted but said had changed opinion because England contends can get American credit only for supplies furnished to herself. Told him England assumed such obligations before we entered war and before knowing we would enter. Did not tell him would recommend our assuming such contracts under any circumstances but certainly would not do so unless we approved same after examining. I do recommend however that we immediately increase the \$100,000,000 credit to \$150,000,000 that Russia may have no excuse for not prosecuting war. Understood that some purchases are lying on Atlantic docks awaiting payments before shipment. How do you feel concerning assuming obligations of England for Russian purchases in America? Orderly quiet prevails Petrograd.

FRANCIS

File No. 861.51/170

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, July 24, 1917, 9 p. m.

[Received July 26, 2.10 a. m.]

1550. Also for Secretary of Treasury:

Minister for Foreign Affairs says no use yet made of \$10,000,000 paid Bakhmeteff because Bank of Finland not loaned Finnish marks with which to pay Russian soldiers and sailors in Finland. Finland announced severance of diplomatic relations with Russia.<sup>1</sup>

FRANCIS

File No. 861.51/170a

*The Acting Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, July 25, 1917, 6 p. m.

1595. Following from Secretary of Treasury:

No credits have yet been granted to the Russian Government except the \$100,000,000 and the \$75,000,000 mentioned in previous telegrams. Former sum allocated as follows: Approximately \$46,000,000 for 10,000 cars and 500 locomotives, this sum not payable

<sup>1</sup> Cf. vol. II, p. 727.

for some time. Thirty-five million dollars in cash has been turned over to Bakhmeteff for payment of various accounts due in the United States, including interest on loans in this country and part payments on agricultural and railway machinery, all these exclusive of contracts placed on British credit. Bakhmeteff desires remaining sum to be spent largely for silver bullion desired to be transformed into coin for the payment of Russian troops in territory where paper rubles will not be accepted; and for two million pairs of shoes represented as urgently needed. No drafts thus far notified to us against the special credit of \$75,000,000 although \$10,000,000 was placed in National City Bank to meet any sudden call such as indicated in Root's telegram.

Bakhmeteff on July 21 submitted request for total credit and cash to January 1, 1918, of \$733,000,000, this including \$154,000,000 chiefly for additional rolling stock, much of which would not be actually paid out until sometime next year. In this request is included \$110,000,000 balance due on orders placed with British credit; \$25,000,000 for Remington contract for rifles; \$15,000,000 for Westinghouse contract for rifles; \$38,000,000 for payments in Sweden; \$23,000,000 for interest on money borrowed and expected to be borrowed from the United States Government; \$8,000,000 for interest on other borrowings in this country; \$70,000,000 for support of ruble exchange; \$150,000,000 for various orders desired to be placed in the near future.

I have no thought of allowing the further credit except possibly to meet August payments on orders placed on British credit and possibly other urgent sums on contracts placed independently and requiring payments in the month of August. Cash payments which Russia may require and which I might consider favorably will probably not exceed in that month \$60,000,000, largely to relieve the British for their responsibility for Russian orders. Bakhmeteff states delay in meeting his request may produce misapprehension in Petrograd. Would like your immediate advice as to whether Russian Government desires British Government to be relieved of these payments; whether political conditions in Petrograd suggest desirability of favorable treatment of Bakhmeteff's request; also whether Russian Government desires that any action I may be able to take shall be determined wholly upon representations made by Bakhmeteff. Give me fullest possible information. Reported Russian demoralization makes it most important that I should be given fullest possible information and advice by you so that I may act as intelligently and advisedly as possible.

File No. 861.51/180

*The Ambassador in Russia (Francis) to the Secretary of State*  
 [Telegram]

PETROGRAD, August 2, 1917, 9 p. m.

[Received August 4, 12.30 p. m.]

1591. [Also for the Secretary of the Treasury.]

Continuing my telegram No. 1543<sup>1</sup> to you through Department. Postponed replying expecting Ministry be formed yesterday by [but] Chernov made intemperate speech in Council of Workmen-Soldiers attacking Cadets who had about concluded to serve with him temporarily in the Ministry.<sup>2</sup> Effect of that speech unknown yet. Meantime my recommendation in my 1543 for \$50,000,000 additional credit about coincides with your cable which states you are favorably considering advancing \$60,000,000 for August payments mainly to meet British obligations for Russian orders. See no objection thereto if such purchases are necessary war supplies awaiting shipment. Before our entering war England assumed obligation for \$200,000,000 Russian war supplies to be purchased in America. When Russia first asked American credit, Minister of Finance definitely and repeatedly expressed desire that English obligation for Russian purchases in America should not be included therein. Now Russia asks English relief from such obligations. Government here so admits. From commercial viewpoint England should guarantee such obligations but would be impolitic to so require. Russia clearly understands from me that our relieving England from obligations comes out of Russian credit. Minister of Finance not appointed but Tereshchenko who likely retained as Minister for Foreign Affairs says remainder of \$100,000,000 credit should be applied as you suggest for silver to pay Russian troops in Persia and for shoes urgently needed. Minister of Foreign Affairs said, replying to inquiry, that Bakhmeteff fully authorized but did not definitely specify had sole power to determine use of credits. Am cabling Department daily about conditions which suppose you see. Please keep me advised concerning credits extended. Five times seventy millions would not preserve exchange value of ruble if Russian Government fails to inspire confidence. Ministry probably will be named to-day; if so, Moscow conference will be held August 7 which expected to approve Ministry and its policies.

FRANCIS

<sup>1</sup> *Ante*, p. 16.

<sup>2</sup> Cf. vol. I, p. 171.

File No. 861.51/182

*The British Ambassador (Reading) to the Secretary of State*

The policy adopted by His Majesty's Government in the past regarding Allied financial requirements is well exemplified by the case of Russia. The latter's demand for \$700,000,000 is, for reasons explained below, quite unreasonable. If, however, she were to present such a demand to an inter-Allied council sitting in London it would be impossible for the other Allies to criticise it as unreasonable, seeing that they would be all putting forward demands of their own. The following observations might even be taken exception to by the Russian representatives were it a question of the council forwarding them officially.

The situation at Vladivostok. According to the latest figures available the accumulations there amount to 662,000 tons. It will take all this year and the greater part of next to move this quantity into the interior of Russia. Accordingly it has been decided to suspend the shipment of goods to Vladivostok. Exceptions are however made in favour of rolling stock which can help in clearing the port, a certain amount of material required to complete the goods already shipped to Vladivostok or material convenient for packing such rolling stock.

The situation in the White Sea up to the close of navigation. From France 291,957 tons will be shipped and 188,043 tons left behind.

From the United Kingdom there will be shipped 374,104 tons and left behind 75,800.

From the United States 237,276 tons will be shipped and left behind 447,359.

It is still quite problematical how much the Murman route will be able to carry during the winter. But in any case, in relation to the above tables, the amount cannot be very important.

The goods which Russia has thus ordered already exceed more than can be shipped by June of next year. Particularly is this the case as far as regards America where at the end of the season enormous masses of material will still remain unshipped.

From the above it follows that it will be useless, for many months to come, to place any more substantial orders for Russia, except in the case of certain classes of goods which may be exceptionally urgent and at the same time of small volume.

The value of orders already placed by the British Government on behalf of the Russian Government (and a certain number which the Russian Government has placed independently at various dates but which are believed not to be very large) may be taken as a measure

of Russian financial requirements. Say \$10,000,000 a month for exchange would also be a reasonable request for the Russian Government to put forward. Thus a total sum of \$350,000,000 to \$400,000,000 up to the end of the year would be fully sufficient: this amount would include arrears due to the British Government for American disbursements on behalf of the Russian Government since April 1 last.

The above figures clearly show the narrow limits within which shipment is possible although of course orders might be placed to an unlimited extent.

WASHINGTON, August 3, 1917.

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File No. 861.51/191

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, August 21, 1917, 7 p. m.

[Received August 24, 3.15 a. m.]

1645. Am still without reply to several cables concerning Russian credits which I understand limited to \$100,000,000 and special credit \$75,000,000. Former about consumed. On latter \$10,000,000 paid National City [Bank] and additional \$10,000,000 requested by Russia indorsed by myself. No [report] concerning additional \$60,000,000 for August maturities.

Have endeavored since arriving Petrograd April, last year, to encourage and facilitate Russian exports, which very potent in preserving exchange value ruble. Imperial Government denied all my requests for export of skins but have secured consent Provisional Government for export 5,000 tons thereof in exchange for sole leather and shoes. Russian Government proposed requisition said skins and to purchase leather and shoes at prices already agreed upon but it is necessary to ship shoes, leather promptly before navigation closes and before skins can be shipped, consequently shoe leather manufacturers compelled to credit Russian Government until arrival of and disposition of skins for about \$5,000,000 which vendors of shoes, leather decline to do. Hutchins, vice president, Bank of Commerce, New York, here, has devoted much time and thought to the transaction, sending cables amounting to over Rs. 2,000. His bank willing to make advance for shoes, leather, charging 6 per cent, and arrange for purchase same and sale of skins for Government at minimum prices, charging 2½ per cent commission, no other profit. Government desirous to consummate transaction. Leather, shoes greatly needed. Commerce however desirous that cost shoes, leather

be guaranteed by our Government until arrival of in America where demand for skins great. Tonnage to America readily obtainable, tonnage from America arranged by Minister Supplies from allotment made his Department. Can you make such guaranty? Preston of Keith Co. also been attempting this exchange. Possible Preston and Hutchins would work jointly. Think greatly desirable because moral effect [\$]5,000,000 exports more helpful in sustaining ruble exchange than [\$]25,000,000 applied thereto. I recommend because think moral effect very beneficial and important. We should do everything to encourage and strengthen situation here. Suggest you confer with Department of Commerce whose commercial attaché familiar with situation.

FRANCIS

File No 861 51/189

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*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, August 23, 1917, 5 p. m.

1642. Please communicate following to proper officials:

Secretary McAdoo has established a further credit in favor of the Russian Government of \$100,000,000 available to cover rifle contracts and other orders already placed by the Russian Supply Committee in New York; also, as transportation facilities permit, some portion for supplemental orders to be placed and for current expenses of Russian Ministry of Finance; a portion for transportation charges; and \$5,000,000 for emergency expenditures in Scandinavian countries.

The Secretary of the Treasury gives assurance concerning railway material that from future credits a sufficient sum will be allocated to cover the purchase of 30,000 additional cars and 1,500 additional locomotives and Vladivostok shops. The actual placing of these orders for this railway material is deferred until an appropriate time, probably not later than November 1, when it is hoped that prices lower than existing ones can be secured.

Concerning British credits, negotiations are pending which may be concluded in the next few days. Other portions of the program originally submitted calling for \$733,000,000 will be given further consideration as soon as possible. Future congressional authority will be asked for and must be obtained before any larger program can be finally determined upon, but the Secretary of the Treasury will take into the most careful and sympathetic consideration all requirements presented to him, bearing in mind the financial limitations of the United States Treasury as well as limitations of transportation by land and sea. It is of course understood that these credits are available only during the time Russia is engaged in war

against Germany. Bakhmeteff has been fully consulted in making determinations above set forth.

LANSING

File No. 861.51/224a

*The Secretary of State to the Ambassador in Russia (Francis)*  
[Telegram]

WASHINGTON, October 5, 1917, 7 p. m.

1761. From Secretary of the Treasury:

The Secretary of the Treasury has received an application from Ambassador Bakhmeteff for the establishment of additional credits in favor of the Russian Government to meet their requirements until January 1, 1918, in a sum aggregating \$235,000,000, made up of the following items: Current expenses of the Ministry of Finance, \$45,000,000; orders placed by the Russian Supply Committee in New York, \$10,000,000; payments on credit operations, \$2,000,000; provision for transportation, \$5,000,000; payments in Sweden, \$33,000,000; new orders to be placed through the recently established Purchasing Commission here, \$140,000,000. Of the total of \$235,000,000, the Ambassador estimates that the cash requirements up to January 1, 1918, will be approximately \$140,000,000, made up of the full sums indicated under each of the above items, except that of the \$140,000,000 for orders to be placed through the Purchasing Commission, but \$45,000,000 of which will be needed in cash by that date. In addition the Ambassador estimates that cash withdrawals under the credits already standing in favor of the Russian Government up to January 1, 1918, will be approximately \$41,000,000, making a total of estimated cash withdrawals to that date of \$181,000,000.

Before acting on the application for the establishment of the additional credits referred to, the Secretary of the Treasury would be pleased to have your advice on the subject.

Enormous pressure on Treasury from all sides renders wholly impossible full compliance with all Allied requests. All are now asked to observe utmost moderation in presenting requests.

LANSING

File No. 861.51/222

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, October 6, 1917, 9 p. m.

[Received October 9, 9.30 p. m.]

1845. For Secretary of the Treasury:

Russian Government through Minister of Foreign Affairs and Department of Finance asks the payment of another installment

of \$15,000,000 on special \$75,000,000 loan, same to be paid National City Bank, New York, account of Russian Treasury. I recommend same to be granted. This makes total \$50,000,000 on said loan.

FRANCIS

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File No. 861 51/223

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, October 10, 1917, 5 p. m.

1769. Secretary of Treasury asks that you kindly make special investigation as to the risks run in transmitting balance of the special \$75,000,000 credit to Russian account for disbursement in Finland. If there is pronounced weakness in control of Finnish situation by Russian Government, might not the disposition of funds in Finland either be put to no good use at all or possibly against our interests? As heretofore advised, no withdrawals will be permitted from this fund until receipt of special advice from you, but in advance of sudden demands that may be made by Ambassador Bakhmeteff, it is asked that general situation in Finland be particularly studied and advised upon as indicated above.

LANSING

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File No. 861.51/225

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, October 14, 1917, 7 p. m.

[Received October 19, 5.15 a. m.]

1864. Answering your 1761, October 5, 7 p. m., received October 13, 2 p. m. Also for Secretary of the Treasury. Minister of Foreign Affairs whom I saw to-day says request for \$235,000,000 additional credit submitted by Minister of Finance whom I shall see to-morrow and ask to explain items of \$45,000,000 and \$33,000,000 which I do not understand. Shall report on every item with recommendations. Coalition ministry incurred no formidable opposition thus far except Bolsheviks and deserves encouragement. I do not like Tereshchenko's manifesting such little concern about request.

Impressed Rumanian Minister, [as] also Vopicka,<sup>1</sup> with the necessity of having Washington authorized agent to sign obligations. Angelesco, Rumanian Minister to United States, whom I urged to go direct to Washington instead of stopping in London two weeks, as planned, as did Vopicka when both were here September 8 [sic].

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<sup>1</sup> Charles J. Vopicka, Minister to Rumania, Serbia, and Bulgaria.

Allied Ambassadors had three meetings on Rumanian needs, another Tuesday. Shall cable conclusion when reached.

Please cable respective advances made or promised from \$7,000,-000,000 appropriated by Congress for Allies as press reports. Also cable respective loans made Allies by private syndicates before and since our entering war.

FRANCIS

File No. 861.51/235

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, October 24, 1917, 7 p. m.

[Received October 27, 4.40 p. m.]

1904. Leading Moscow commercial paper gives credence to a rumor of cession of Kamchatka Peninsula to the United States for Rs. 20,000,000,000 [sic]. In view of constantly growing rumors that our loans to Russia are applying for Russian territory, which idea is undoubtedly encouraged by German propaganda, would appreciate an official denial for publication.

FRANCIS

File No. 861.51/238

*The Secretary of State to the Ambassador in Russia (Francis)*  
[Telegram]

WASHINGTON, October 26, 1917, 5 p. m.

1800. Your 1864, October 14, 7 p. m. Treasury replies:

Total amount made available by Congress for loans to foreign governments engaged in war against Germany, \$7,000,000,000. Secretary of Treasury, with approval of President, is authorized to purchase obligations of foreign governments engaged in war against Germany. Under the authority given by acts of April 24 and September 24, whose terms are almost identical in respect to the subject matter, the following credits have already been established: Great Britain, \$1,345,000,000; France, \$790,000,000; Italy, \$255,000,000; Russia, \$325,000,000; Belgium, \$58,400,000; Serbia, \$3,000,000. Cash has been drawn or contracts made substantially covering all these credits.<sup>1</sup> Loans by private syndicates before we entered the war are substantially as follows: Great Britain, \$1,052,911,566.34; France, \$664,121,777.77; Russia, \$96,200,000; Italy, \$25,000,000; this list may not cover relatively small amounts taken by manufacturers and perhaps not yet reported by the Governments in question. While awaiting advice from you on Russian application for ad-

<sup>1</sup> Regarding advances to Russia, see letter from the Acting Secretary of State to the Secretary of the Treasury, Jan. 2, 1919, *post*, p. 55.

ditional credit of about \$200,000,000, have agreed upon an increase of \$50,000,000. These figures do not cover amount that may be required for cars and locomotives promised by Stevens and undertaken by our Government for future delivery.

LANSING

File No. 861.51/237

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, October 27, 1917, 10 p. m.

[Received November 2, 7.58 a. m.]

1923. For Secretary of Treasury:

Confidential communication from the Minister for Foreign Affairs states Government desires additional loan \$75,000,000 for the same object as previous \$75,000,000 loan of which only \$50,000,000 already advanced, taking for granted that remaining \$25,000,000 be forthcoming when requested. Baltic Fleet openly defiant of Government and Russian soldiers in Finland under influence of Soviet; both declare willingness to defend Russia against her enemies. Communication requests my recommendation which awaits developments.

FRANCIS

File No. 861.51/238a

*The Secretary of State to the Ambassador in Russia (Francis)*  
[Telegram]

WASHINGTON, October 29, 1917, 3 p. m.

1806. Your 1904, October 24, 7 p. m. Rumored cession of Kamchatka Peninsula to United States for Rs. 20,000,000 [sic] without any foundation whatsoever. United States has arranged certain loans and credits with free Russia founded exclusively on credit of Russian Government and for the single purpose of cooperating in our common struggle against the autocratic militarism of Germany. The President has already announced to the world that the United States has no desire to add to its own territory.

LANSING

File No. 861.51/238

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram—Extract]

PETROGRAD, November 2, 1917, 11 p. m.

[Received November 3, 8.10 p. m.]

1946. Also for Secretary of Treasury:

Thanks for Department's telegram 1800, October 26, 5 p. m. Understand that \$50,000,000 granted Russia reduces by that amount

request in the Department's 1761<sup>1</sup> to which have given much thought and time conferring three hours last evening with the Minister of Finance and assistant and had two conferences with the Director of Credit Chancellery. Still think Russia will pay all obligations in time but her continuing war is of more importance to us as abandoning now would damage us so enormously that it would require untold billions and many generations to repair. Main question is whether what we lend Russia now will be appropriated by Germany. We must take the risk thereof. President of the Ministry (or Council of Ministers) in an interview given Associated Press manifests impatience that British Fleet not assisting Russia in Baltic and says Allies should help Russia who bore brunt of war in beginning and has fought without aid while England and America helping France. Consequently think should extend additional \$100,000,000 credit. Russia tired, peace sentiment growing, and our failure to agree might give irresistible impetus thereto. If Soviet should control, government would not survive long but would be succeeded by stronger government which would be more potential in restoring order and prosecuting war. . . .

FRANCIS

File No. 861.51/239

*The Ambassador in Russia (Francis) to the Secretary of State*  
 [Telegram]

PETROGRAD, November 3, 1917, 5 p. m.  
 [Received November 6, 9.10 p. m.]

1947. Also for Secretary of the Treasury:

Received from Foreign Office note asking my recommendation that the Government of the United States compensate England: "For Russian orders placed in America through the mediation of Morgan and which [amount?] to \$165,000,000." Note signed by Assistant Minister for Foreign Affairs and states: "Russian Ministry of Finance asks me to earnestly pray you for assistance for a favorable conclusion of the above." Minister of Finance said nothing about this in three hours' conference evening of 1st, nor could he give me amount paid to England for such ordnance out of advances made by us. Director of Credit Chancellery who conferred with me at Embassy one hour yesterday in reply to such inquiry said amount so paid not large. This note somewhat surprising. Have unsuccessfully endeavored four days to see Minister for Foreign Affairs but appears he otherwise occupied as rumors are current that difference between him and Minister of War concerning Skobelev instructions

<sup>1</sup> Dated Oct. 5, *ante*, p. 23.

for Paris conference, which Minister of War supports, will necessitate resignation of one or the other.<sup>1</sup> Can you advise why this requested?

FRANCIS

File No. 861.51/242a

*The Secretary of State to the Ambassador in France (Sharp)*

[Telegram]

WASHINGTON, November 22, 1917, 6 p. m.

2841. For House:

Department desires your opinion about Russian situation. Should we allow foodstuffs to go forward and ships to be allotted to Russia, as well as additional purchases to be made without knowing whether funds are to be forthcoming? We understand that Russian Ambassador is doubtful whether he has any authority to check against credits here in payment for goods purchased and some have expressed doubt as to whether he is properly accredited representative. Purchases constantly going on, and Russian commission pressing for allocation further ships. Please ascertain views of British and French as soon as possible and cable fully.

LANSING

File No. 861.51/277

*The Special Representative (House) to the Secretary of State*

[Telegram—Extract]

PARIS, November 24, 1917, 1 p. m.

[Received November 25, 1.40 a. m.]

Your 5860<sup>2</sup> and 2841. In Great Britain the Russian situation is considered at the moment hopeless. There is no responsible government within sight. I would advise making no more advances at present or permitting any further contracts for purchases. . . .

EDWARD HOUSE

File No. 861.51/266

*The Special Representative (House) to the Secretary of State*

[Telegram]

PARIS, November 24, 1917, 3 p. m.

[Received November 25, 1.40 a. m.]

I have just told the French Prime Minister the substance of my cable this morning concerning Russia and he earnestly indorses my opinion.

EDWARD HOUSE

<sup>1</sup> Cf. vol. I, pp. 211 and 219.

<sup>2</sup> Not printed.

Decree of the Soviet Government Repudiating All Foreign State Loans, February 3, 1918: Protest by the Diplomatic Corps at Petrograd; Resolution of the Inter-Allied Council—Measures Interfering with Banking—Decree Requiring Registration of All Securities, April 20, 1918—Assumption of the Service of the Russian Debt by the British Government; Use of Bank Balances and Receipts for This Purpose by the Russian Embassy in the United States—Discontinuance of Payments by the British Government; Impounding of Russian Assets—Postponement of Interest Due to the American Government; Continuance of Payment on Bonds Held by Private Investors

File No. 861.51/264

*The Consul General at Moscow (Summers) to the Secretary of State*

No. 240

Moscow, December 13, 1917.

[Received January 30, 1918.]

SIR: The Maximalist newspaper *Social Democrat* has published and commended the [draft of?] decree repudiating foreign loans, and internal loans as far as now owed abroad, as follows:

1. All foreign loans concluded by Russia, as well as all railway and mortgage loans concluded abroad with the guaranty of the state, are annulled. Payment of interest and amortization charges on these loans is stopped.

2. All bonds of interior loans of the state and of interior loans guaranteed by the state that are held abroad on the day of the promulgation of this decree are annulled. All the bonds of loans indicated in this paragraph that are held in Russia shall be presented before January 14 to the State Bank, its branches or branches of the State Savings Bank for stamping to this effect. Bonds not so stamped are considered annulled after that date.

The promulgation of this decree was indispensable for various reasons. On these loans, contracted for the most part on account of the war, we should have been obliged to pay foreign capitalists annually Rs. 1,000,000,000 or about Rs. 40 per family. Now there is no reason to pay such tribute to foreign capitalists. Russia has paid enough in blood and suffering on the fields of battle of this war of international capitalism, or in interest and amortization charges in the good old time. What remains the foreign capitalists may charge to profit and loss account, along with their enormous war profits.

The foreign loans of Russia are placed for the most part in England, Germany, and France; therefore the present moment is extremely well chosen for their annulment. The capitalists of these countries are at this moment so enfeebled by the long war and the discontent of the workingmen growing out of it that they will not be in a condition to wage war on Russia for the sole purpose of recovering the amount of the annulled loans.

If we had not annulled the foreign loans we should have been obliged to strip the village of its last egg and its last pound of butter to collect a billion rubles for interest payments. Only the annulment of the loans can ameliorate and equilibrate our balance of trade and augment the vitality, we even say the credit, of our national economy.

The opposition press has had so many protests to make against the course of the Maximalists that it has grown tired. It has not taken the trouble to point out the contradictions in the above references to the enormous war profits and the extreme enfeeblement of international capitalism, but has merely reprinted with approval the indignant comment of the foreign press. Nor has it criticized

the political economy of the Maximalist organ, which, moreover, is probably only for "buncombe."

There is now talk of requiring the deposit in bank, subject to restrictions of withdrawal, of all Russian paper currency, with the proviso that notes not stamped shall be annulled. The majority of the Russian currency notes is supposed to be held by the peasants, who would not be troubled greatly by the restriction of weekly withdrawals from bank to Rs. 150. The bank depositors have shown a tendency to withdraw deposits, partly on account of restrictions imposed, and partly because they fear a levy on accounts exceeding a certain minimum. The requirement of the stamping and registration of bonds and currency, to be followed, as is expected, by taxes or partial confiscation of holdings exceeding the Socialist norm, whatever that may be, would be effective means of *sabotage* and there is no reason to believe that the Maximalist organization will lack the courage of their convictions, or their policies.

I have [etc.]

MADDIN SUMMERS

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File No. 861.51/255

*The Secretary of State to the French Ambassador (Jusserand)*

No. 2030

WASHINGTON, January 7, 1918.

EXCELLENCY: In reply to your excellency's note of December 20, 1917,<sup>1</sup> I am informed by the Secretary of the Treasury that there are in bank in this country certain sums out of which the Russian representatives contemplate paying the interest on certain obligations held here and to which no objection will be made by this Government. The greater portion of such payments is for interest maturing January 1, 1918, while a few extend to May 1, 1918.

Other than acquiescing in these proposed payments, the Government of the United States contemplates no action in regard to the service of Russian loans all of which I understand were placed in our markets before the United States entered the war and without any intervention on the part of the United States Government.

The Secretary of the Treasury will not fail to convey to American banks the decision of your excellency's Government prohibiting the importation into France after January 1, 1918, of coupons and obligations of Russia.

Accept [etc.]

ROBERT LANSING

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<sup>1</sup> Not printed.

File No. 861 51/258

*The Consul General at Moscow (Summers) to the Secretary of State*

[Telegram]

Moscow, January 7, 1918, 12 noon.

[Received January 9, 5.20 p. m.]

148. The *de facto* government has ordered all safety vaults in bank [opened] and money taken therefrom. I am protesting jointly with Consular Corps and they have agreed that if they are opened notwithstanding protest, consular officer must be present. These continued acts of violence ruining banks and industry. **SUMMERS**

File No. 861 51/265

*The Consul General at Moscow (Summers) to the Secretary of State*

[Telegram]

Moscow, January 29, 1918, 6 p. m.

[Received February 4, 6.32 a. m.]

165. Banks closed and impossible to negotiate drafts. Same situation prevails throughout European Russia. Have asked consuls in Harbin, Vladivostok, and Yokohama to purchase rubles by selling drafts on Department up to \$50,000 in all. Please request Red Cross to honor these drafts or if, as I have requested, funds have been placed to my credit at Riggs Bank, this cable will be authority to charge them this account. I have arranged for transfer of rubles purchased to Moscow. I have saved Red Cross 100 per cent by operation. **SUMMERS**

File No. 861 51/269

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, February 8, 1918, 10 p. m.

[Received February 11, 12.40 p. m.]

2348. Also for Secretary of Treasury:

Central Executive Soviet Committee has approved decree of Council of Commissaries<sup>1</sup> canceling all state loans and all guaranties con-

<sup>1</sup> This decree was adopted by the Council of People's Commissars, Jan. 1/14, 1918. It differed from the final text printed as enclosure to the following despatch in that it contained, in place of par. 5 of that text, two paragraphs as follows (File No. 861.51/298):

5. Citizens of limited means, possessing the securities of the internal loan which are annulled for a sum not exceeding Rs. 10,000 (at normal value), receive a lifelong yearly annuity from the state amounting to the sum equivalent to the interest derived from the securities which belong to them.

6. Citizens possessing the annulled securities for a sum exceeding Rs. 10,000, do not receive any indemnification for the annulled papers which belong to them.

See also the Ambassador's telegram No. 2292, Jan. 26, vol. I, p 358

cluded by previous governments, stating explicitly, "Absolutely and without exception all foreign loans are annulled." This repudiates all foreign obligations to the extent present government has power.

FRANCIS

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File No 861.51/295

*The Ambassador in Russia (Francis) to the Secretary of State*

No. 1027

PETROGRAD, February 12, 1918.

[Received April 8.]

SIR: I have the honor to transmit herewith enclosed a translation of a decree regarding the annulment of state loans adopted by the [All-]Russian Central Executive Committee at its session on January 21/February 3, 1918, and published in the bulletin of the Soviets of January 26/February 8, 1918.

I have [etc.]

DAVID R. FRANCIS

[Enclosure—Translation<sup>1</sup>]

*Decree regarding Annulment of State Loans, Adopted by the All-Russian Central Executive Committee at its Session on January 21/February 3, 1918*

1. All state loans concluded by the governments of the Russian landowners and Russian *bourgeoisie*, enumerated in a special list which is being published, are annulled (canceled) as from December 1, 1917. The December coupons are not subject to payment.

2. In the same way all guarantees are being annulled, given by the above-mentioned governments on the loans of various concerns and institutions.

3. Absolutely and without any exception all foreign loans are annulled.

4. Short-time obligations and series of the state Chancellery remain in force. Interest on them will not be paid, but the obligations themselves will have the same validity as credit notes.

5. Citizens with limited means, possessing the state securities of the interior loan, which are annulled, in sums not exceeding Rs. 10,000 (at the nominal value), will receive in their stead denominated certificates of a new loan of the Russian Socialist Federated Soviet Republic, for a sum not exceeding Rs. 10,000. The terms of the loan will be determined specially.

6. The deposits in the state savings banks and interests thereon are inviolable. All the obligations of the loans to be annulled belonging to the savings banks are being replaced by a book debt of the Russian Socialist Federated Soviet Republic.

7. The Cooperatives, local self-governments, and other universally beneficial or democratic institutions possessing obligations of the loans to be annulled, will be satisfied on the basis of the rules which are being worked out by the Supreme Soviet of National Economy together with the representatives of

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<sup>1</sup> The translation has been left substantially in the form in which it was received. A few verbal corrections have been made upon comparison with the Russian text published in *Collection of Decrees and Orders of the Workers' and Peasants' Government*, Moscow, 1919.

these institutions, if it can be proved that these obligations were purchased prior to the publication of the present decree.

*Remark:* The local organs of the Supreme Soviet of National Economy have the right to determine which institutions come under the head of universally beneficial or democratic.

8. The general management of the liquidation of the state loans is entrusted to the Supreme Soviet of National Economy.

9. The whole matter of liquidating the loans is entrusted to the State Bank, whose duty it is to immediately commence the registration of all the obligations of the state loans in the hands of the various proprietors, as well as of the other interest-bearing papers, both of those subject and not subject to annulment.

10. The Soviets of the Workers', Soldiers' and Peasants' Deputies form, in conjunction with the local Soviets of National Economy, commissions for determining which of the citizens come under the head of having limited means.

These commissions have the right to annul in their entirety savings obtained not by means of labor, even if these savings do not exceed the sum of Rs. 5,000.

*President of the Central Executive Committee*

I. SVERDLOV

File No. 861.51/271

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, February 12, 1918.

[Received February 14, 10.40 p. m.]

2360. At meeting of Diplomatic Corps to-day it was determined to send to Commissary of People for Foreign Affairs a collective declaration, translation of which follows:

In order to avoid any misunderstanding in the future the representatives at Petrograd of all foreign powers declare that they consider the decrees regarding the repudiation of Russian state loans, the confiscating of property of all kinds and other analogous measures as without value as far as their nationals are concerned; and the said representatives reserve the right to claim from the Russian Government at an opportune time damages for all loss which these decrees may cause their nationals.

The document is dated to-day and signed by the diplomatic representatives of America, Japan, France, Spain, Italy, England, Sweden, Switzerland, Holland, Belgium, Persia, Denmark, Siam, China, Serbia, Portugal, Brazil, Argentine, and Greece.<sup>1</sup>

FRANCIS

<sup>1</sup> In a despatch of Feb. 13, not printed, the Ambassador enclosed copy of the French text of this declaration, in which Norway appears among the signatories (File No. 861.51/305).

*The Ambassador in Great Britain (Page) to the Secretary of State*

[Telegram]

LONDON, February 14, 1918, 10 a. m.

[Received 10.11 p. m.]

8656. No. 68. For McAdoo from Crosby:<sup>1</sup>

At meeting of Finance Section of Inter-Allied Council on Friday, Bonar Law and Klotz<sup>2</sup> both being present, Klotz proposed following resolution which was adopted:

The Finance Section of the Inter-Allied Council on War Purchases and Finance, referring to the statement put forward by the Diplomatic Conference of London on February 19, 1881, regarding Belgian affairs, "it is a principle of commanding nature that treaties do not lose their value, whatever be the changes that intervene in the interior organization of peoples," recommends for the consideration of the governments represented the following statement:

WHEREAS, The Imperial Russian Government when it contracted liabilities undoubtedly represented Russia and definitely obligated it;

WHEREAS, This obligation cannot be repudiated by any authority whatever governing or which should eventually govern in Russia without shaking the very foundations of the law of nations;

WHEREAS, There would be in that case no more security in the relations [of] states and it would be impossible to enter into a contract over any long period of time on account of the risk of such a contract being eventually ignored;

WHEREAS, Such a policy would mean the destruction of the credit of states as much from a political as from a financial viewpoint;

WHEREAS, A state could not borrow money under normal conditions if the lender's only guarantee was the maintenance of the constitution under which the borrowing government as representing the country puts out a call for credit;

WHEREAS, No principle is more clearly settled than the one according to which a nation bears the responsibility of the acts of its Government and the liabilities incurred are not affected by any change in authority;

WHEREAS, The obligations of Russia bind and will bind the new state or the group of new states that represent or will represent Russia:

Now, therefore, The Allied powers will take into consideration the principles above mentioned in every negotiation relating to the recognition of the new state or new states that are eventually to be constituted in Russia.

In voting for the resolution, Chancellor of the Exchequer and myself were moved by consideration that being only a recommendation of the general principle to our respective Governments we were not in any way compromising their action and at the same time, according to Klotz's representations, might, if the Governments accept the recommendation, aid him in some of his great difficulties. Due to the vast amount of Russian obligations held in France my own opinion is that the paragraphs defining the general principle of responsibility of succeeding governments for debts of predecessors

<sup>1</sup> Oscar T. Crosby, delegate of the U.S. Treasury to the Inter-Allied Council on War Purchases and Finance.

<sup>2</sup> Louis Lucien Klotz, French Minister of Finance.

have been already so often stated that repetition scarcely necessary. Most important part has to do with suggestion that no recognition of new states carved out of original Russian territory should be made without provision for adoption of part of general debt.

PAGE

File No 861 51/274

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, February 14, 1918, 12 p. m.

[Received February 18, 9.47 a. m.]

2369. Bolshevik press sharply criticizes protest of entire Diplomatic Corps reported in my 2360, charging capitalism waging imperialistic war on proletariat and calling on the workmen of world to unite in opposition. Diplomatic Corps held a meeting 13th and unanimously, excepting myself, agreed to another protest framed by Swiss Minister against nationalization of land, etc., as far as affected our nationals for whom it demanded without limitation free disposition of bank credits, securities and cash of any value. I asked time to consider saying (if?) approved would sign and send colleagues for signature and present to Government, (if?) disapproved would call another meeting. Conferred since with British and French Ambassadors, who now concur that aforesaid general protest sufficient and particularizing unadvisable, furthermore could tell them but not neutrals that impolitic to irritate Soviet and drive it into German alliance. Called meeting Diplomatic Corps for the 16th. Germans now endeavoring to effect commercial treaty with Russia which am trying check by promising agricultural implements, shoes, etc., in exchange for products which enemy would otherwise secure. Have sent commercial attaché to Department of Commerce and using other agencies to accomplish end.

Just heard Mirbach<sup>1</sup> recalled, which probably signifies German offensive. Bolshevik forces yesterday successful in Kiev after conflict eleven days, four thousand killed, and reported German advance planned on Revel and this city; if true may have to leave. Do not know where, as Sweden at present impossible.

FRANCIS

<sup>1</sup> Wilhelm, Count von Mirbach, member of a commission of representatives from the Central powers, which sat at Petrograd to consider with Soviet representatives questions arising from the armistice; later, Apr. 26, German Ambassador to Soviet Russia.

File No. 861.51/278

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, February 16, 1918, 9 p. m.

[Received February 20, 9.32 a. m.]

2379. In reference to my 2379 [2369], 14th. Diplomatic Corps just adjourned. Submitted instructions prepared by myself directing consuls to pursue general lines of protest of my 2360, February 12, treating each individual case on its merits but not to encourage defiance or violation of Bolshevik decrees or laws unless same interfere with personal liberty of nationals or confiscate property owned before same were promulgated or enacted; consuls directed to attend opening of safe-deposit boxes and categorically protest against opening, also protest against extraction of property or documents therefrom and if the protest unavailing demand receipts from commissariat. Such instructions solely for guidance of consuls who prohibited from divulging same. These instructions not formally adopted but seemed to meet general approval, consequently no additional protest insisted upon.

FRANCIS

File No. 861.51/274

*The Secretary of State to the Ambassador in Russia (Francis)*  
[Telegram]

WASHINGTON, February 20, 1918, 8 p. m.

2089. Your 2369, February 14, 2 [12] p. m., and referring Department's 2065.<sup>1</sup> We desire progress with Bolshevik authorities to be gradual. I do not believe that joint protests are wise and am glad to learn your judgment has prompted you to refrain from further action this character without express authority.

LANSING

File No. 861.51/283

*The Assistant Secretary of the Treasury (Leffingwell) to the Counselor for the Department of State (Polk)*

WASHINGTON, March 5, 1918.

DEAR MR. POLK: I beg to submit for your consideration the following information in regard to the disposal of Russian materials and funds:

<sup>1</sup> Vol. I, p. 381.

Mr. Ughet<sup>1</sup> informs me that, substantially, all Russian purchases made here prior to our entry into the war with funds advanced by the British Government were made through J. P. Morgan & Co., and that practically all of the other direct purchases were made with funds obtained through loans placed with American banks. Russia placed in this country \$11,000,000 in 5 per cent one-year notes, which have been renewed twice and which mature May 1; also, \$25,000,000 of Russian 5½ per cent bonds were sold to a syndicate of bankers; and \$50,000,000 was obtained through a syndicate of banks, headed by the National City Bank, and 6½ per cent certificates were issued against the unused ruble balance. In addition, some interior Russian bonds were sold here.

Mr. Ughet further states that the rails and approximately 9,000 tons of barbed wire, which are stored by Russia in this country, were purchased some time prior to our entry into the war and paid for in most part from the proceeds of loans obtained through American banks. One contract for 35,000 tons of barbed wire, which is now being delivered, was placed through Morgan's on behalf of the British Government, and the British Government has already disposed of approximately 10,000 tons of this barbed wire to our War Department, and is applying the proceeds in reduction of Russian obligations held by Great Britain.

Mr. Ughet also informs me that the British Government, with the consent of the Anglo-Russian subcommittee, is disposing of all of the materials which were purchased through Morgan's with British funds and applying the proceeds in reduction of Russian obligations held by Great Britain. It would seem, therefore, that the British Government is looking after its interests very well in this respect, and that they could have no claim whatever in respect to the rails and Mr. Ughet understands that the British lay no claim whatever to any interest in the rails.

The above-mentioned 9,000 tons of barbed wire are being sold to the Italian Government and Mr. Ughet is of the opinion that the proceeds from this sale should be applied in providing interest for an additional year on the \$11,000,000 note issue maturing May 1, and that any other surplus funds obtained from the sale of materials purchased and paid for from the proceeds of the above-mentioned American loans should be used, as far as practicable, to [for] paying the interest on the other above-mentioned credits. Mr. Ughet's personal opinion is that there are sufficient funds on hand to meet the actual current obligations for contracts, with the exception of the Remington rifle contract.

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<sup>1</sup> Serge Ughet, Russian Financial Attaché at Washington.

It now appears that the Russian Ambassador has ample funds in the National City Bank to meet the balance due on all contracts here (with the exception of the Remington rifles to be delivered in July and October) for purchases, freight, expenses, and interest to May 1 on all Russian loans placed through American banks.

It should be determined, therefore, what application should be made of the surplus funds derived from the sale of the rails and other materials purchased with funds advanced to Russia by American banks and by the United States Government, and whether or not entire preference should be given to the Remington rifle contract, or to the payment of interest on the Russian credits and obligations placed through American banks and the obligations held by this Government.

Referring to our conversation on the above subject, my understanding is that you are of the opinion that such surplus funds, if any, should be applied by the Russian Ambassador to payment of interest on Russian credits and obligations up to and including July 1, and to any other current obligations as they become due, rather than setting aside a specific amount for payment in July and October on the Remington rifle contracts.

Very sincerely yours,

R. C. LEFFINGWELL

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File No. 861 51/283

*The Counselor for the Department of State (Polk) to the Assistant Secretary of the Treasury (Leffingwell)*

WASHINGTON, March 7, 1918.

MY DEAR MR. LEFFINGWELL: I have your letter of March 5, in regard to the disposal of Russian materials and funds and quite agree that any surplus funds available should be applied by the Russian Ambassador to payment of interest on Russian credits and obligations up to and including July 1, and any other obligations as they may come due, rather than setting aside a specific amount for payment on July 1 on the Remington rifle contracts.

I am [etc.]

FRANK L. POLK

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File No. 861 51/284

*The Consul General at Moscow (Summers) to the Secretary of State*

[Telegram]

Moscow, March 13, 1918, 10 a. m.

[Received March 14, 9.50 a. m.]

249. Government annuls all loans and Treasury notes except those held by subjects of Central powers. All purchasable property con-

fiscated and new contributions levied under guise of taxes. In case refusal pay imprisonment and fine penalty. Banks closed and no money paid on accounts which are being confiscated. Many American firms suffering severely. Crisis particularly acute in Siberia where managers are being arrested. Am taking every measure to protest and avert total loss property.

SUMMERS

File No. 861 51/300

*The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)*

WASHINGTON, March 23, 1918.

[Received March 26.]

DEAR MR. COUNSELLOR: The Foreign Office advise us that consideration is being given as to what action should be taken in respect of funds in the United Kingdom standing to the credit of the late Russian Government. The greater part of such funds would seem to be made up of sums originally advanced to the late Russian Government by Great Britain and it is considered that they should rightfully revert to the British Government, pending a final settlement with any stable government which may eventually be established in Russia.

We are instructed to ascertain the views of the United States Government in regard to this matter and to enquire what action it is proposed to take in respect of any similar funds in the United States.

Believe me [etc.]

RICHARD CRAWFORD

File No. 861 51/299

*The Russian Ambassador (Bakhmeteff) to the Counselor for the Department of State (Polk)<sup>1</sup>*

WASHINGTON, April 9, 1918.

[Received April 11.]

MY DEAR MR. POLK: At the time when during November last, funds belonging to the Russian Government were distributed for payments on different liabilities, it was considered proper to appropriate means for payment of interest on different credit operations of the Russian Government with private banking institutions approximately until June 1, 1918.

It appears at present necessary to foresee later payments. An attached statement<sup>2</sup> specifies in detail payments of interest and other

<sup>1</sup> Note in the margin of MS.: "Mr. Polk advised Ambassador verbally that this Government could not give him powers which his own Government had withheld from him. B[asil] M[iles]."

<sup>2</sup> Not printed

current liabilities in between June 1, 1918 and January 1, 1919, the payments during such period totaling \$3,276,718.76. Including payments due early in January 1919, the total is brought to \$5,276,718.76.

As funds, at present at my disposal, are not in any way adequate to meet payments of such magnitude it is necessary to provide for other sources. In regard to this I wish to bring to your attention the account of the "Section étrangère ministère des finances" with the Guaranty Trust Co. of New York. This account, amounting at present to nearly five million dollars, was established in July 1916 and has been upheld since by deposits from proceeds of different credit operations of the Russian Government in this country. The account has been in direct charge of the "Foreign Department of the Russian Ministry of Finance," disbursements being effected on orders coming directly from Petrograd.

I have been given to understand that the Guaranty Trust Co. would be willing to release the funds on this account provided the company were to receive certain assurances from the Department of State, protecting such action of the company from interference by a future lawful government of Russia.

With regard to the above, I venture to recall that the "Section étrangère ministère des finances" is the foreign operative department of the Chancery of Credit, which is in direct charge of questions pertaining to credit operations in foreign countries. It has been the special duty of this department to attend to payments of interest on foreign loans and to execute such payments. Under normal conditions there could be no doubt as to the absolute necessity of meeting payments of interest on time and in particular to the use, for such purpose, of funds on the accounts of the "Foreign Department."

Referring to the present case it is hardly possible to perceive how any future government, recognized as lawful, could controvert the obvious legality of paying interest on direct and undisputable liabilities of its lawful predecessor to private citizens or corporations of a friendly country. The very fact of the recognition of the government as lawful seems necessarily to imply the consideration by such government of the validity of similar obligations.

It seems, therefore, inconceivable that the use of funds deposited to the accounts of the Foreign Department of the Ministry of Finance of Russia for the former Russian Government for payment of interest on loans raised by the same government could raise objections from any future recognized government of Russia. For this reason it is highly improbable that complications of any charac-

ter could arise from the fact of the United States Government giving the necessary assurance to the Guaranty Trust Co.

On the other hand, in case the Guaranty Trust Co.'s funds were released, I would undertake to have the whole amount assigned to the special purpose of meeting current payments on financial liabilities resulting from credit operations of the Russian Government in this country, removing through such assignment any possible doubts which may arise as to the justification of disposing the funds for general purposes.

Hoping that, after giving these questions consideration, you will find it possible to have the funds released and thus have assured the proper payment of interest to the holders of Russian securities in this country, I remain [etc.]

B. BAKHMETEFF

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File No. 861 51/303a

*The Secretary of State to the Ambassador in Great Britain (Page)<sup>1</sup>*

[Telegram]

WASHINGTON, April 10, 1918, 3 p. m.

7203. Department desires to ascertain what policy adopted by Great Britain in regard to meeting interest and principal on Russian obligations.

Please report fully as to policy and arrangements made in detail.

LANSING

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File No. 861.51/300

*The Secretary of State to the Commercial Adviser of the British Embassy (Crawford)*

WASHINGTON, April 22, 1918.

MY DEAR SIR RICHARD: I have your letter of March 23, 1918, in which you inquire the views of this Government in regard to Russian funds in this country. Up to the present time the status of Mr. Boris Bakhmeteff, as Ambassador, representing the Provisional Government of Russia, and the propriety of his controlling such funds as may be available to him in this country in that capacity have not been questioned.

I am [etc.]

ROBERT LANSING

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<sup>1</sup>The same, *mutatis mutandis*, on the same date, to the Ambassador in France (No. 3479).

File No. 861 51/815

*The Consul General at Moscow (Summers) to the Secretary of State*

[Telegram]

Moscow, April 26, 1918.

[Received May 11, 9.51 a. m.]

427. Following is decree of Soviet government issued April 20, 1918, respecting registration of shares, bonds and other interest-bearing papers:<sup>1</sup>

1. In execution of the decree of December 29, 1917 [ /January 11, 1918], respecting the cessation of payment against coupons and of dividends (Collection of Laws No. 13 of January 4, 1918, Art. 185), the system of unregistered (to bearer) shares and other interest-bearing papers is abolished and in future only registered securities will be valid.

Note: Such government interest-bearing papers which by special orders of the government have been given the right to circulate as currency do not come under this article.

2. In accordance with the above a compulsory registration is introduced of all Russian as well as foreign shares, bonds and other interest-bearing papers belonging to citizens of the Russian Republic as well as to foreign citizens residing in Russia.

3. Every owner or holder of securities indicated in Article 1 is obliged to present such for registration to one of the officers or branches of the People's (Government) Bank of the Russian Republic of Soviets.

4. On presentation of the securities as per the foregoing article the Government Bank enters each paper in a security registration book, inscribes on each paper the full name and address of the owner and applies to it the seal of the bank.

5. All branches of the Government Bank, of the Government Savings Bank, all government and public institutions and likewise all banking institutions which have not been nationalized, which have in their keeping shares and interest-bearing papers turned over to them as deposits, as securities or which have been pawned with them, are obliged to register such the name of those private or judicial persons to whose account they stood [sic]. All such registered information must be concentrated to local branches of the People's (Government) Bank.

<sup>1</sup> The decree, translation of which is given by the Consul General, was dated Apr. 18 (5), 1918, and was published in the *Izvestia*, No. 78, of Apr. 20. The decree of Dec. 29, 1917/Jan. 11, 1918, referred to (also published in the *Gazette of the Temporary Workers' and Peasants' Government*, No. 43, of Dec. 29, 1917/Jan. 11, 1918), reads in translation as follows:

1. Until the publication of a general decree concerning the further nationalization of production, and also concerning the order and extent of payment of interest on funds and dividends on shares and stock of private enterprises, all payments of coupons are temporarily discontinued.
2. All transactions in valuable papers are prohibited.
3. For violation of Article 2 of this decree, the guilty persons are subject to court trial and confiscation of all their property.

Note: Interest-bearing papers found in safes will be considered property of person who rents the safe if the safe does not contain evidence to the contrary.

6. The prohibition of transactions with interest-bearing papers (decree, December 29, 1917) remains in force until the law respecting a special permit system of such transactions is issued. The right to claim compensation in case of a nationalization of enterprises to the extent and on the terms to be stipulated by a law respecting nationalization will be granted only to those owners of shares and other interest-bearing papers who have correctly and in due time registered same. Likewise, when the right to receive dividend, suspended by the decree of December 29, 1917, will be reestablished, this right will be granted only to those owners of shares who have registered them correctly and in due time.

7. Before presenting the shares and other interest-bearing papers, a statement should be handed [*sic*]. The form of such a statement, the date of presentation and other rules bearing relation to the registration of interest-bearing papers are defined by the People's Commissary of Finance and published for general information.

8. All shares in respect to which a statement as per foregoing article has not been made in due time, will be considered without compensation as property of the state.

Note: Owners and holders of shares who have failed to fulfil the stipulations of the present decree are liable to imprisonment for not less than one year. Persons guilty of fictitious transactions and of attempting to evade the present decree will be punished by imprisonment for not less than two years.

9. In order to provide for the interest of holders of shares of confiscated enterprises and of annulled securities, such shares and securities are also liable to registration.

10. Russian interest-bearing papers held abroad, whether private, public, or government, are likewise registered, irrespective of their belonging to Russian or foreign citizens. At registration it is necessary to produce the actual papers to persons or institutions which are appointed by the representatives of Russia abroad to keep the government registration books. The date of registration will be fixed by Russian diplomatic representatives abroad.

#### SUMMERS

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File No. 861 51/305a

*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, April 30, 1918, 8 p. m.

7510. Following for Crosby<sup>1</sup> or Cravath<sup>2</sup> from Secretary of Treasury:

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<sup>1</sup> Oscar T. Crosby, delegate of the Treasury to the Inter-Allied Council on War Purchases and Finance.

<sup>2</sup> Paul D. Cravath, advisory counsel of the American mission to the Inter-Allied Council on War Purchases and Finance.

164. Russian one-year notes to amount of \$11,000,000, placed through National City Bank three years ago and which have been renewed twice, mature May 1. Russian Ambassador has funds available for paying interest for six months or one year in case notes are extended, but can not, of course, pay principal. It is very desirable that these notes be extended without protest or attempt on part of note holders to attach any Russian property here which would create a crisis and might force this Government to take over all Russian assets and apply proceeds to credit of Russian obligations. It seems advisable from note-holders' standpoint to grant extension and not create a situation whereby this Government would be compelled to take an antagonistic position to protect its own interests, leaving little or nothing for note holders. Notes are held by National City Bank and few other large interests, all or substantially all assenting to extension, with exception of \$2,500,000, which were purchased by the Russian Corporation in England, of which Holden is president, through proceeds loan from City Bank. City Bank has asked consent of Russian Corporation to grant extension but has demanded payment of its loan or additional collateral. Russian Corporation replied that it could give no additional security, but has indicated its willingness to extend notes, provided City Bank would extend loan without additional security. Am advised that Russian Corporation has other assets and as City Bank has been cooperating satisfactorily in this and other Russian matters, have agreed to use good offices to get additional security, if available, from Russian Corporation. This, of course, is a delicate matter, but British representative suggests advisability of our suggesting that you take matter up unofficially with British Treasury, explaining that apparently nothing would be gained by refusing to extend notes and that City Bank is entitled to additional security.

LANSING

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File No. 861.51/319

*The Ambassador in Great Britain (Page) to the Secretary of State*

No. 8936

LONDON, May 1, 1918.

[Received May 17.]

SIR: With reference to the Department's telegraphic instruction No. 7203, of April 10, 1918, 3 p. m., in relation to the policy adopted by the British Government in regard to meeting the interest and principal on Russian obligations, I have the honor to transmit herewith, for the information of the Department, a copy of a note, dated April 27, 1918, together with its enclosure, which I have received

from the Foreign Office in response to my representations in the premises.

I have [etc.]

WALTER HINES PAGE

[Enclosure]

*The British Secretary of State for Foreign Affairs (Balfour) to the American Ambassador (Page)*

No. 71926/W/38

The Secretary of State for Foreign Affairs presents his compliments to the United States Ambassador, and with reference to Mr. Page's memorandum No. 507 of the 12th instant, enquiring what policy had been adopted by His Majesty's Government in regard to meeting the interest and principal on Russian obligations, has the honour to say that early in the present year instructions were issued by the Treasury to the banks affected authorising them to cash coupons payable in London on the direct state debt of Russia and on securities having the state guarantee of that country:

(a) In the case of British subjects on receipt by the banks of a satisfactory guarantee that the coupons and the relative bonds are the property of British subjects whether domiciled in the United Kingdom or not, and were the property of British subjects before the 1st January 1918.

(b) In the case of Allied and neutral holders, on receipt by the banks of a satisfactory guarantee that the coupons and the relative bonds had both been in physical possession in the United Kingdom before the 1st January 1918.

In the course of time it became necessary however to modify this policy, and on the 28th ultimo an official *communiqué* on the subject was published by His Majesty's Government, a copy of which is enclosed herein for the Ambassador's information. In accordance with the policy therein described, His Majesty's Government can provide no further funds to meet payments of these coupons, save in the case of overdue coupons payable in London before the 1st instant and otherwise conforming with the regulations detailed above.

FOREIGN OFFICE, April 27, 1918.

[Subenclosure]

*Public Statement Issued by the British Government, March 28, 1918*

The British Government have up to March 31 provided funds to meet coupons payable in London on the direct state debt of Russia and on securities having the state guarantee of that country. They have taken this course hitherto, though under no obligation to do so, but in view of the present conditions in Russia they can no longer continue this course.

The Chancellor of the Exchequer gives notice, therefore, that, as from April 1, 1918, holders of the securities above specified must no longer look to the British Treasury for the provision of funds to meet interest due to them from Russia. At the same time he publishes the following declaration which has been agreed upon between the British and French Governments, and which will be published on behalf of the French Government in Paris.

"The Imperial Russian Government, at the time when it entered into obligations, was without doubt the representative of Russia and definitely pledged that country and this undertaking cannot be repudiated by the authorities whatever they may be, which hold or may hold power in Russia, without the very foundations of international law being shaken. Otherwise there would no longer be any security in the relations between states, and it would become

impossible to enter into any obligation for a long period if this obligation could be questioned.

"This would entail the ruin of the credit of states politically as well as financially. A country would no longer be able to borrow on normal conditions if lenders should find that their sole guarantee lay in the maintenance of the constitution in virtue of which the borrowing government, as the representative of its country, made its request for credit. No principle is better established than that by which a nation is responsible for the acts of its government, and no change in the government can affect the obligations previously incurred.

The obligations of Russia continue; they are, and will continue to be, binding upon the new state or group of states by which Russia is or will be represented."

File No. 861 51/306

*The Ambassador in Great Britain (Page) to the Secretary of State*

[Telegram]

LONDON, May 2, 1918, 10 p. m.

[Received 10:37 p. m.]

9837. For McAdoo from Cravath:

175. Your 164. Holden not president of Russian Corporation but his son a director. Sir Robert Chalmers brought about meeting with Tait and Stoddard, corporation's two principal officers, who give following statement of their position. Besides indebtedness to City Bank, corporation's only other debt about £250,000 secured loans held by British banks which have been renewing without receiving or asking additional security. Company's assets of about £1,800,000, book value, consist chiefly of Russian investments including £400,000 deposits and Rs. 2,000,000 deposits both in Russian banks which now unavailable and about £700,000 Moscow bills, roughly about £1,000,000. Book value of assets unpledged. Officers unwilling to give City Bank additional collateral but say will agree that no additional collateral will be given to British banks whose loans will not be substantially reduced and that unpledged assets will be kept free except to the slight extent that they may be used in connection with corporation's current opinion [sic] and new business which will not be considerable. Tait stated at some length reasons for view that City Bank should not demand additional collateral for any unwillingness to respond to demand. I think British Treasury is right in feeling that under the circumstances it is not in a position to bring pressure upon corporation to furnish additional collateral. Will receive information above summary in more definite form to-morrow but situation is doubtless fully understood by Jacobs of City Bank who is a director of Russian Corporation. Please instruct if I can be of any further service.

PAGE

File No 861 51/317

*The Assistant Secretary of the Treasury (Leffingwell) to the Counselor for the Department of State (Polk)*

WASHINGTON, May 4, 1918.

MY DEAR MR. POLK: For your information, I am sending herewith copy of a letter just received by Mr. Davis from Mr. Ughet, Russian financial attaché, together with copy of the letter attached thereto from the Russian Ambassador to the National City Bank, dated April 30, in reference to the extension of the \$11,000,000 Russian notes which matured on May 1, 1918.

Very sincerely yours,

R. C. LEFFINGWELL

[Enclosure]

*The Russian Financial Attaché (Ughet) to the Assistant Secretary of the Treasury (Davis)*

WASHINGTON, May 2, 1918

MY DEAR MR. DAVIS. Herewith enclosed I am sending to you a copy of a letter addressed by the Ambassador to the National City Bank of New York in reference to the extension of the eleven million (\$11,000,000) dollar notes.

I am [etc.]

S. UGHET

[Subenclosure]

*The Russian Ambassador (Bakhmeteff) to the National City Bank of New York*

WASHINGTON, April 30, 1918.

DEAR SIRS: Referring to the dollar notes of the Russian Government, aggregating \$11,000,000, held in this country, maturing on May 1, 1918, I propose that these notes shall not be presented for payment until May 1, 1919, except for the sanction of the Department of State of the United States or at the request of the Russian Government. In consideration of the compliance with this proposal by the holders of all the said notes, I hereby agree that the Russian Government will pay interest on the said notes at the rate of 6 per cent per annum, semi-annually, on November 1, 1918, and on May 1, 1919, without, however, any commission. The amount of the said interest, \$660,000, shall be forthwith paid to you by Mr. Ughet, financial attaché, and, upon acceptance of my proposal by the holders of all said notes shall be held by you in a special account and paid out by you at the times above stated, to the holders of the said notes, without further authorization from me. Should, however, the said dollar notes be paid in full before May 1, 1919, the interest thereon shall be paid at the said rate up to the time of such payment on the principal; and the balance of said sum of \$660,000 shall be forthwith paid by you to me. On the balance of the said sum of \$660,000 at any time remaining with you, interest is to be allowed at the rate of 2 per cent per annum.

In further consideration of the compliance with my proposal by the holders of all the said notes, I hereby pledge to you, as collateral security for the said notes, the Interior War Loan ruble notes of the Imperial Russian Government, issue of 1916, aggregating an amount of 147,050,000 rubles, which are now on deposit with you, subject to my order or to the order of my financial attaché. The said notes shall be held by you as pledgee, in trust for the

equal benefit, *pro rata*, of the holders, from time to time, of the said \$11,000,000 of dollar notes. In case the said dollar notes shall not be paid in full, with interest on May 1, 1919, you shall have the right to dispose of the said collateral in any legal manner agreeable to the Department of State of the United States. In such case, the overplus, if any, of the proceeds above the amount of the said dollar notes and interest, shall be returned to me; and the Russian Government shall remain liable *pro rata* to the holders of the said notes, for any deficiency arising from such disposition.

Should the said dollar notes be paid on or before May 1, 1919, the ruble notes, so pledged as security, shall be returned.

This proposal is dependent upon its acceptance by the holders of all the said dollar notes and upon the presentation of all of such notes at your office for the purpose of stamping thereon in the presence of my financial attaché or his representative the following:

This note is not [to] be presented for payment until May 1, 1919, except by consent of the State Department of the United States or at the request of the Russian Government.

Yours very truly,

B. BAKHMETEFF

File No 861 51/314

*The Chargé in Denmark (Grant-Smith) to the Secretary of State*  
[Telegram]

COPENHAGEN, May 9, 1918, 6 p. m.

[Received 10.49 p. m.]

2256. The following appears in to-day's Copenhagen newspapers:

The Bolshevik representative of the Russian Government, M. Vorovski, has made the following declaration through the Ritzau [Reuter?] Bureau:

We hereby give notification to commercial houses and to private persons who have deposits in Russia that these deposits are perfectly secure and run no risk whatever of being confiscated in whole or in part. We notify therefore the persons or firms in question not to withdraw their money by checks at a discount by which speculators are ready to profit.

The Russian Government is now making every effort to [take measures?] in order that these persons of Russian nationality now resident in Denmark should receive, through the intermediary of Danish banks, the sums necessary for their living expenses. This will be arranged within a short time and the public will be informed thereof through the press.

V. VOROVSKI

COPENHAGEN, May 8, 1918.

The foregoing is evidently the outcome of a number of Russian bankers who recently arrived in Copenhagen and a member of the German Reichsbank. Apparently this is another German move towards securing control of Russia, not only of the financial institutions but likewise of commercial houses and particularly of individuals, the majority of whom are nearing the end of their resources and through this maneuver become directly dependent upon the German Government.

GRANT-SMITH

File No. 861 51/362

*The Chargé in Great Britain (Laughlin) to the Secretary of State*  
 [Telegram]

LONDON, October 3, 1918, 9 p. m.

[Received October 4, 9.30 a. m.]

2468. For Leffingwell<sup>1</sup> from Crosby:<sup>2</sup>

593. Your 436.<sup>3</sup> British Treasury request information regarding our financial relations with the Russian Ambassador hoping that it will be possible to take similar position. They understand there has lately been some change in our attitude. They also ask for information as to how we are procuring funds for the use of our military and civil expeditions in northern Russia and Siberia. Please advise me here.

LAUGHLIN

File No. 861.51/362

*The Secretary of State to the Chargé in Great Britain (Laughlin)*  
 [Telegram]

WASHINGTON, October 9, 1918, 12 p. m.

1909. For Crosby from Rathbone:<sup>4</sup>

Treasury 470. Embassy's 2468, October 3, 9 p. m. Your 593. No change in our financial relations with Russian Ambassador. Quartermaster's Department purchased rubles for use in Siberia. Larger plan under consideration by State Department. For your confidential information, plan will probably be shortly discussed with representatives of British and French Governments.

LANSING

File No. 861 51/394

*The Russian Ambassador (Bakhmeteff) to the Secretary of State*  
 WASHINGTON, October 26, 1918.

MY DEAR MR. SECRETARY: The coming 15th of November brings forward the question of payment of interest due on certificates of indebtedness of the Russian Provisional Government to the United States. Anticipating that a demand will be made in time by the Treasury Department requesting such payment, and not questioning

<sup>1</sup> Russell C. Leffingwell, Assistant Secretary of the Treasury.

<sup>2</sup> Oscar T. Crosby, delegate of the Treasury to the Inter-Allied Council on War Purchases and Finance.

<sup>3</sup> Not printed.

<sup>4</sup> Albert Rathbone, Assistant Secretary of the Treasury.

in any way the legality of such demand, I nevertheless have the honor to bring to your attention certain considerations of general and political character which seem to justify my most earnest request to the United States Government that the payment of interest on November 15 be postponed.

The only means of effecting this payment, amounting to something between \$4,500,000-\$5,000,000, are moneys obtained or obtainable from the sale of goods belonging to the Russian Government and stored in this country. These materials represent practically the only asset left at the disposal of the Russian Embassy in Washington, and the payment of interest to the United States, together with payments due in December and January on previous loans, would practically exhaust the funds of the Russian Government in the United States and thus thwart any further possibilities on the part of the Embassy to be of effective assistance to the Russian people. Meanwhile, the progress of the national movement in my country is opening promising opportunities and is bound to reveal different requirements of most urgent character, many of which, for certain formal reasons, might not be conveniently met except through funds disposed of formally on authority of the representative of Russia.

The features of the case, however, appear especially convincing when viewed in the light of the general policy of the United States toward Russia. Following the announcements of the desire to assist Russia, a practical policy of aid has been initiated by the United States Government and in particular the War Trade Board has been provided with a fund of \$5,000,000 to effectuate such assistance which may not be carried out through private commercial channels.

Such an appropriation with a parallel demand by the United States Government of an equal sum from what little remains in the possession of the Russian Government will not be understood by the Russian people. Intricate and technical matters of judicial character do not generally appeal to the people's mind. My countrymen will be unlikely to conceive how an exaction, based on formal and technical considerations, would conciliate with the general broad and open-hearted attitude of the United States toward Russia.

Public opinion in Russia will not comprehend the motives of the United States for levying the payment at a moment when any funds disposable are of such immense consequence. Especially when considering the relative insignificance of the amount when compared with the expenses of the war and with the momentous character of the question involved.

Furthermore, in the conception of the people there is no reason to regard with any distrust the future fulfilment by Russia of its international financial obligations. The most exact and punctilious

observance of such liabilities has always been a fundamental and indisputable principle of Russian statesmanship, both imperial and democratic. Without hesitation, it may be stated, that any future government, really representative of the country, will consider as its manifest duty to stand by all financial liabilities emanating from legally established international obligations of Russia. To meet such liabilities the riches of Russia and the prospects of future development within a country reconstituted on principles of constructive democracy, provide most ample security.

I therefore most earnestly solicit that favorable consideration be given by the Government of the United States to this question. A generous decision, besides being under circumstances of considerable political bearing, will enable the rendering of substantial assistance to my country.

Accept [etc.]

B. BAKHMETEFF

File No. 861 51/395

*The Russian Ambassador (Bakhmeteff) to the Counselor for the Department of State (Polk)*

WASHINGTON, October 26, 1918.

MY DEAR MR. POLK: Pursuant to our conversation on the question of payment of interest to the United States due on the 15th of November, I have discussed the matter with Mr. Leffingwell and Mr. Rathbone, who appeared to adopt a sympathetic attitude and seemed prepared to give favorable consideration to a recommendation coming from the Department of State with regard to a postponement of the payment.

We have also discussed the question of payment to private bondholders in December and January. While naturally the Treasury officials are in general reluctant to the idea of giving preference to private bondholders, nevertheless, the point was emphasized of the importance of upholding the idea of Russia's credit with the American public, and in particular, owing to the latest developments in Russia.

Mr. Leffingwell and Mr. Rathbone seemed to be rather in favor of the idea of arranging a conference with the committee of bondholders and of having them agree to postpone the presentation of the forthcoming coupons. With such an arrangement, one would have to pay probably only a very insignificant amount of interest on outlying bonds held by the public, while the principle of credit would be maintained.

With kindest regards [etc.]

B. BAKHMETEFF

File No. 861 51/424

*The Assistant Secretary of the Treasury (Rathbone) to the Counselor for the Department of State (Polk)*

WASHINGTON, November 16, 1918.

DEAR MR. POLK: Confirming my conversation with you and Mr. Miles this afternoon in regard to the Russian situation, I take pleasure in advising you that on the 15th instant the Treasury Department received a demand note of the Russian Provisional Government executed by the Russian Ambassador to represent the interest due on that date on the obligations of the Russian Government theretofore acquired by the United States. I have endeavored to ascertain whether large holders of Russian bonds were disposed to forego the immediate cash payment of interest due thereon in the near future, but the channels through which I have attempted to approach the matter do not seem disposed to take any action in this direction. Purely as a Treasury question, so long as the interest on the obligations of the Russian Government held by the United States are not paid in cash, the Russian Government should not be permitted to use its dollar funds to pay interest on its obligations held by private investors.

I fully understand that there may be political considerations involved, and this Department desires to cooperate with you in connection with the matter. I understand that you intend to confer with the Russian Ambassador and will let me hear from you on the subject at an early date.

Very truly yours,

ALBERT RATHBONE

File No. 861 51/428

*The Russian Ambassador (Bakhmeteff) to the Secretary of State*

WASHINGTON, November 30, 1918.

[Received December 2.]

MY DEAR MR. SECRETARY: I have the honor to transmit to you copy of cable received by the Russian Embassy from the Ministry of Foreign Affairs at Omsk which confirms the Omsk government's responsibility for all liabilities of the Russian state treasury.

I avail [etc.]

B. BAKHMETEFF

[Enclosure—Paraphrase]

*The Ministry of Foreign Affairs at Omsk to the Russian Embassy*

*Undated.*

[Received November 29, 1918.]

Kindly bring to the knowledge of the United States Government that the government which is headed by Admiral Kolchak as its supreme chief,<sup>1</sup> bearing in mind that Russia had always sacredly executed all liabilities towards its own subjects as well as towards nations with which it is bound by treaties, deems it necessary to state in the declaration of November 21, that it undertakes to fulfil, as soon as united Russia is reconstructed, all the liabilities of the state treasury, i. e., payment of interest and amortization on interior and exterior state loans, payments on contracts, salaries of employees, pensions and all other legal foundations. The government at the same time, declares all financial acts of the Soviet powers as acts published by mutineers as illegal and not liable to execution.

File No. 861 51/491a

*The Counselor for the Department of State (Polk) to the Russian Financial Attaché (Ughet)*

WASHINGTON, December 3, 1918.

SIR: I beg to inform you that this Department, after conference with the Treasury Department, sees no objection to the payment of interest due to-day on \$25,000,000 of Russian bonds held in this country by banks and private individuals.

I am [etc.]

FRANK L. POLK

File No. 861 51/463

*The Assistant Secretary of the Treasury (Rathbone) to the Acting Secretary of State*

WASHINGTON, December 11, 1918.

DEAR MR. POLK: In view of a talk which the President had with the Secretary of the Treasury just before he left, I judge that the Treasury should not consent to the payment of any further interest on Russian privately owned obligations held in this country unless the interest on the Russian obligations held by the United States Government is first paid or an arrangement satisfactory to the Treasury for this payment be secured. Accordingly I have written Mr. Ughet a letter, of which I enclose herewith a copy.

Very truly yours,

ALBERT RATHBONE

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<sup>1</sup> See vol. II, p. 435.

[Enclosure]

*The Assistant Secretary of the Treasury (Rathbone) to the Russian Financial Attaché (Ughet)*

WASHINGTON, December 11, 1918

DEAR MR. UGHET: In view of the fact that no part of the interest due on November 15 last on the obligations of the Russian Government held by the United States has been paid, I do not see how the Treasury Department can consent to the payment of interest on the obligations of the Russian Government privately owned in the United States. I understand that an interest payment will fall due on the first of January. If you desire I shall be very glad to talk with you in regard to the matter when you are next in Washington.

Very truly yours,

ALBERT RATHBONE

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File No. 861 51/446

*The Assistant Secretary of the Treasury (Rathbone) to Mr. Miles of the Division of Near Eastern Affairs of the Department of State*

WASHINGTON, December 19, 1918.

DEAR MR. MILES: I enclose herewith a copy of Mr. Ughet's letter to me of December 17 in response to my letter of December 11<sup>1</sup> advising him that this Department did not see its way to consent to the payment of interest on the obligations of the Russian Government owned privately in the United States hereafter becoming due. You will recollect that I spoke to you to-day in regard to this letter and I thought it might be of interest to you.

Very truly yours,

ALBERT RATHBONE

[Enclosure]

*The Russian Financial Attaché (Ughet) to the Assistant Secretary of the Treasury (Rathbone)*

NEW YORK, December 17, 1918.

DEAR MR. RATHBONE: I beg to acknowledge receipt of your letter of December 11, in which you state that, in view of the fact that no part of the interest due on November 15 on the obligations of the Russian Government held by the United States has been paid, you do not see how the Treasury Department can consent to the payment of interest on the obligations of the Russian Government owned privately in the United States.

While concurring with your opinion that possibly the Treasury Department, from the formal point of view, is unable to give its consent under the existing conditions, for this matter is merely of a political nature, I cannot restrain myself from pointing out that, under request of the Treasury, the Russian Ambassador has signed the certificate of indebtedness for the amount of interest due the 15th of November and it was our belief that this action would give a possibility to your Department not to insist on nonfulfilment [sic] of our other financial obligations.

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<sup>1</sup> *Supra.*

I want to add that I shall not fail to take this matter up with the State Department, this question being rather of a political nature, as it is stated above, and I dare to express my earnest hope that the United States Government will find a certain way not to prevent us from executing this payment on the open market, especially in view of the fact that this is the first payment after the declaration of the Omsk government that they undertake to fulfil all Russian national obligations.

For this payment the funds are provided, and thus being indeed the last payment on our financial program up to the 1st of May 1919 for the credit operations on the open market in this country, it would be the very greatest pity should all our efforts to maintain our obligations to private concerns in this country, as well as the funds expended to meet our liabilities during the last year, be denied all their purpose should we not meet our obligation on the 10th of January, while a possibility still exists to pay this interest.

I consider it my duty to bring to your attention yet another fact. As you certainly remember on the 1st of May we have to pay the principal on our \$11,000,000 short notes issue, for which a collateral of approximately Rs. 145,000,000 in 5½ per cent war loans was deposited. The only way to pay this principal, if some new credit will not be granted, in the meantime, to Russia, is the realization of the collateral.

You will understand perfectly well what influence our failure to pay the interest just before we have to sell our deposit will have on the market of the Russian loans in this country.

The success of the realization of our war loan will depend very much, if not mainly, on the attitude of the National City Bank in this matter and I do not think that they will take great interest in this transaction if we shall enter in the open market after a failure to pay the interest on the 10th of January.

I shall be very glad to take this matter up with you again, or with any other governmental department, in order to try and reach a certain common understanding to find the way of meeting this particular obligation of ours, failure of which, in my most sincere opinion, will cause the greatest harm to our national interest.

Believe me [etc.]

S UGHET

File No 861 51/495c

*The Acting Secretary of State to the Secretary of the Treasury  
(Glass)*

WASHINGTON, January 2, 1919.

MY DEAR MR. SECRETARY: There has been considerable correspondence between the Treasury and the State Department on the question of payment of interest on the Russian obligations held by the United States amounting to about \$187,000,000.

In view of the confused conditions which now exist in Russia, and of the political conditions involved, I should like very much to confer with you on the general subject, especially as to the question of deferring for the present, the collection of interest due on Russian obligations held by this Government on and after November 15, 1918. I should also like to discuss with you the question of making available to the Russian authorities in this country, the funds which fall due

to them from time to time, such as for example, the charter hire of Russian ships in the service of the Shipping Board.

Some decision will also have to be reached as to what action we should acquiesce in relative to the interest payable on \$50,000,000 credit advanced to the Russian Government by the National City Bank of New York.

I am [etc.]

FRANK L. POLK

File No. 861 51/450a

*The Acting Secretary of State to the Secretary of the Treasury  
(Glass)*

WASHINGTON, January 7, 1919.

MY DEAR MR. SECRETARY: Referring to our conference yesterday regarding Russian bonds and obligations in this country, I believe the situation is such that it would be unfortunate if we offered any objection at this time to the payment of interest on the \$50,000,000 of Russian bonds due January 10, 1919. I believe political considerations should prompt us to acquiesce in the payment of this interest and shall be glad to know that you concur. It strikes me as especially important that no action should be taken which might affect Russian interests unfavorably until the general question of the relation of ourselves and the other Associated Governments towards Russia is more clearly defined.

I am [etc.]

FRANK L. POLK

File No. 861 51/451

*The Assistant Secretary of the Treasury (Rathbone) to the Acting  
Secretary of State*

WASHINGTON, January 8, 1919.

DEAR MR. POLK: I have the honor to acknowledge the receipt of your letter of the 7th instant addressed to the Secretary of the Treasury, confirming the opinion which you expressed at yesterday's conference, namely: that in the judgment of the Department of State the political considerations involved were so important as to make it inadvisable to prevent the payment of interest on the bonds of the Russian Government held by the public and which mature on the 10th of this month. While from a strictly Treasury point of view the Secretary of the Treasury would feel obliged to object to the payment of this interest, he appreciates the importance of the political considerations which you have urged as controlling and will accordingly make no objection to payment of the interest above mentioned. I may add that this Department concurs in your view as to the importance of these political considerations.

I am [etc.]

ALBERT RATHBONE

## CHAPTER II

### EFFORTS TO STABILIZE RUSSIAN CURRENCY

Proposals for Financial Assistance to the Provisional Government of the Northern Region and for the Provision of Currency in Connection with Allied and American Operations in Russia—British Plan of an Office of Conversion at Archangel Issuing Notes Based on Sterling Deposits

File No 861.00/2478

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

ARCHANGEL, August 11, 1918, 10 p. m.

[Received August 13, 3.20 a. m.]

359. Also for Secretary of the Treasury:

Still nothing from Moscow, Vologda, or Petrograd, nor from Department since your August 5, 7 p. m.<sup>1</sup> Allied forces advancing down railroad toward Vologda and upriver toward Kotlas, but progress necessarily slow because Allied forces small and resistance unknown. In an engagement on railroad several days ago three French officers killed, but Red Guard defeated and about fifty thereof surrendered and General Poole talks of enlisting them in Allied army.

Quiet here where new government organizing,<sup>2</sup> but opposition thereto not wholly eradicated. I am advocating business relations between [with it?] because it appears as most meritorious movement against German control of Soviet government faction in Russia. My inquiry [Chaikovski?] President unequivocally stated that new government has only two main objects, namely, resurrection of suffering Russia and aggressive resistance to Germany; this statement made in response to one from me that Allied chiefs would recommend no recognition or no cooperation and French [financial?] assistance to any Russian government observing Brest peace or any peace unauthorized by Allies.

Financial assistance essential to perpetuity new government. Establishment Allied bank, Archangel, suggested and apparently favored by British, but I expressed opposition thereto because of unlimited liability in connection therewith, because also moral responsibility, and furthermore thought Allied bank would be used by

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<sup>1</sup> Not printed

<sup>2</sup> See vol. II, p. 507.

Bolshevism and all anti-Ally Russians as justification of charge that Allies are planning to selfishly appropriate Russian resources and commerce. My opinion is that Russians should therefore be taught and aided to resurrect Russia. French Ambassador and Italian Ambassador agreed with me, but Lindley<sup>1</sup> was silent. Minister of Finance will present financial scheme to-morrow; if provides for joint guaranty of bonds by Allies upon which to base bank, it is quite feasible [possible?] I shall be disposed to recommend same with proper safeguards as to management and right of supervision, bonds to be secured by whatever applicable revenues available and by whatever rents for property, such as forests, mines, railroads, etc. If, however, security impossible I think assistance advisable to extent \$10,000,000, which at present exchange rate equals Rs. 100,000,000. Our proportion would not exceed one third and even less if Italy and Japan participate. Japanese Chargé d'Affaires not yet consulted. What are our relations with Japan? Official announcement forwarded by wireless states understanding reached and Japanese and American troops advancing into Siberia.

FRANCIS

File No 861 00/2504

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

ARCHANGEL, August 13, 1918, 8 p. m.

[Received August 15, 9 45 a. m.]

364. Since your [omission] nothing from Moscow, Petrograd, Vologda except British Embassy received cable to-day from Stockholm dated 8th saying British and French consuls and military missions arrested by Soviet government, August 5, and all Entente subjects being held as hostages.

New government here needs currency badly and wishes Allied Governments to guarantee payment Rs. 15,000,000 in six months, 5 per cent bonds, to be sold for currency only in hope of drawing rubles from hiding. Allied chiefs all recommending to their governments request be granted. Guaranty joint and several, but at present rate of exchange total only million and a half dollars, so that if this is joint guaranty, which I earnestly recommend, our liability limited to half-million dollars, which if lost would be proper charge against six-million-dollar allotment for the purchasing supplies, but no financial risk because State Bank, which is maker of bonds, will set aside twenty million rubles worth merchandise to

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<sup>1</sup> Francis O. Lindley, British Commissioner in Russia.

secure guarantors, and such merchandise be marked and its identity preserved.

Would assume responsibility of action if financial risk only question involved. But such action by Allies would not be recognition of the new government, but would be continuance of our policy to establish business relations with local authorities where our representatives reside. Unconfirmed intercepted wireless states Soviet government, Moscow, overthrown, but if untrue is only anticipatory. Furthermore if the Soviet government still exists, relations between it and the Allies are equivalent to state of war. German officers certainly command Bolshevik troops opposing Allied forces, consequently can see no political objection to authorizing guaranteeing of bonds.

If bonds sold and Rs. 15,000,000 realized therefrom, that provides insufficient [funds] for governmental and commercial needs; consequently bank requests Allied guaranty of bank note issue maximum Rs. 200,000,000 of which more issued [*sic*]. Fifteen million ruble guarantee safeguards arranged by myself, therefore I think same effective.

Crosby reported in Europe. Is it possible for him to come here? Lindley thinks Allies have joint financial agreement, but if so, I am unadvised. Crosby could come direct to Archangel from London now and if navigation should close early could go by sleds to Murman, whence navigation continues. Navigation closed last year November and never closes before October.

FRANCIS

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File No. 861 00/2543

*The Russian Ambassador (Bakhmeteff) to the Assistant Secretary of State (Phillips)*

WASHINGTON, August 21, 1918.

MY DEAR MR. PHILLIPS: Enclosed two copies of the memorandum on questions of currency to be used in connection with the proposed assistance to Russia. I will appreciate if you will forward one of these copies to the Secretary of Treasury.

Believe me [etc.]

B. BAKHMETEFF

[Enclosure]

*Memorandum on Currency in Russia*

One of the most important problems, which presents itself in connection with the recent decisions of the United States to render active assistance to Russia, is that of currency to be used. It is, first of all, the question of the kind of money with which the American-Allied troops will make payments in Russia. Further, and far more important, is the question of currency to be

employed in connection with the manifold transactions arising from the proposed economic assistance to Russia. Thus, the problem of deciding upon the proper exchange media is a vital practical necessity.

In determining the line of action, following considerations must be taken into account:

(a) No procedure should be adopted which would eventually cause embarrassment to the future national government of Russia in the coming task of consolidating and stabilizing the monetary system of the country.

(b) All possibilities of benefiting the Germans should be avoided, especially bearing in mind Germany's extensive operations with the Russian ruble.

The three following ways of procedure present themselves:

1. Using present Russian currency;
2. Foreign currency (United States dollars or Japanese yens),
3. Issuing special bank notes (certificates).

1. *Using present Russian currency.*—Simple as it appears, this method must be emphatically rejected. The unrestricted issuance of paper money during the last year has rendered the ruble entirely unstable and deprived of any character of standard value to be used in orderly exchange. Due to the lack of confidence as to the purchasing power of the present paper money, the Allied troops would be confronted with the greatest difficulty when endeavoring to procure commodities by means of notes, considered by the population as practically valueless. Violent speculation would necessarily arise and besides it is inconceivable for the Allies to use a medium of exchange, the very source of which in fact lies in the sphere of German control. The Allies could not contribute to strengthen and consolidate rubles now in the possession of the enemy and could not indulge in offering the Germans further opportunities.

2. *Foreign currency.*—To introduce any foreign currency would be embarrassing at present on account of the illiteracy of the population and its unfamiliarity with foreign specie and denominations. In the future, such course would be bound to cause difficulties to the Government of Russia. Besides consolidating the value of the old paper ruble relatively to a new national unit, the future government in this case would have to extract from circulation certain foreign specie, which, at that time, might become a familiar instrument of purchase and exchange and the value of which besides is totally independent and is beyond authority on the part of any institutions in Russia. Further, under present chaotic conditions, foreign specie of general value introduced into the country may be diverted into German channels.

3. *Issuing special certificates.*—Under such circumstances it appears that special certificates should be issued to be used in connection with Allied action in Russia. If issued in ruble values and in proper denominations, such certificates would have the advantage of being entirely familiar to the population. Their relative value and purchasing power can easily be rendered stable. Further, most simple measures would practically exclude any possibilities of benefiting German activities.

#### GENERAL CONSIDERATIONS

Certain considerations of general character are appropriate, which would render clear the nature and the purpose of the proposed financial enterprise.

It is to be conceived in the first place that no financial problems of general character may be set as the aim of the proposed action. Questions such as that of devaluation of the present paper currency, its extraction from circulation

and other problems of stabilization of existing ruble currency can be legally solved only by a future national government of Russia, whose authority is well established and recognized and which is entirely in control both of the means of issuing currency as of its circulation and foreign exchange.

The purpose of introducing a new exchange medium is entirely practical, the aim being to establish a standard of exchange with a stable purchasing power which would enable economic assistance on the part of the Allies and render possible the resumption of normal economic activities.

In the eyes of the population the value of the new currency will be connected with the possibility of purchasing goods imported by the Allies, it being this real purchasing power which psychologically will attribute validity to the new notes.

In connection with this the amount of new notes to be issued is to be determined exclusively with regard to the practical needs of economic activities, developing in connection with Allied economic assistance and corresponding to the actual demand of exchange media.

In defining the general outline of the proposed financial institution and in considering the nature of the measures contemplated, it is supposed that the economic assistance brought into Russia by the United States and the Allies will be directed by a certain governing body, which will regulate and coordinate the activities of different institutions and insure unity in policy and action. The proposed financial institution will consequently act under the auspices and direction of this main economic commission and actually constitute its financial department concentrating and effecting all financial transactions connected with the Allied enterprise.

It is further understood that, free from selfish aim and acting on strictly business lines, the economic commission will endeavor to extend assistance to the population by giving it an opportunity of purchasing goods on a fair cost basis and besides, through extending proper credits and other appropriate measures, will contribute to the restitution of production in Russia. In these activities, the intermediary of such institutions as cooperative societies, Zemstvos, and municipalities will be largely sought, avoiding possibly avenues where profiteering and speculation might be expected.

For these purposes, as well as for payments by the Allied troops in Russia, proper stable exchange media have to be provided and a mechanism, whereby this media could be properly utilized by the population, instituted and brought into operation. While in the future it may be expected that the importation of goods will be, to a certain extent, balanced by eventual exports, it should be nevertheless realized that in the initial phase import operations will necessarily dominate. This will necessitate extension of credits to purchasing bodies in Russia as well as to importing corporations, acting under the supervision of the economic commission, in dollars and other foreign currency.

The proposed financial institution should be, therefore, established with a capacity of issuing exchange media for use in Siberia and parts of Russia, covered by organized Allied assistance, as well as should be authorized to extend necessary credits for supply operations of all kinds.

#### CONSTITUENCY OF THE FINANCIAL INSTITUTION

An Allied or American bank to operate in Russia should be created through special decree and international agreement, the stock of the bank to be formed mainly through subscription by the Allied Governments or the United States; the balance eventually, but not necessarily, to be subscribed by private

interests, cooperating with the economic commission; the board to be nominated by the participating governments and supplemented eventually by representatives of private stockholders.

The bank to have two main departments: an issue department and a commercial department.

The issue department to be authorized to issue bank notes (certificates), secured by a respective part of the capital stock held in trust by the participating governments. Besides issuing bank notes directly against stock, the issue department should be allowed to issue supplementary media against government notes, bank acceptances, properly secured obligations of institutions and other commercial paper of undisputable value.

The commercial department will operate with the part of the capital stock in foreign values, assigned to such department. It will further use for operations the bank notes issued by the issue department. The commercial department will establish the necessary credit in foreign currency or in bank notes to different institutions and organizations in Russia as well as to importing concerns. It is through the commercial department that the Allied Governments could obtain necessary moneys for the current expenses of their contingents in Russia against notes or similar documents.

#### NATURE OF BANK NOTES

##### THEIR STATUS IN REGARD TO INTERIOR CIRCULATION AND TO FOREIGN EXCHANGE

The bank notes should be issued in rubles, adopting the regular Russian denominations. The value of the bank notes should be determined by ascertaining their equivalent with foreign currency. In adopting the exchange equivalent it appears appropriate to accept as the relative value of the ruble its former original pre-war valuation, thus establishing the value of the new ruble notes on the basis of the original standard.

The new bank notes could in no case be regarded as legal tender. To issue and enforce lawful money is the privilege and authority of a national government only. The bank notes should be considered as certificates, issued for a specific purpose and used in connection with certain economic transactions, arising from the fact of Allied assistance. The nature of the bank note will consequently be that of a certificate to be used for the purchase of goods imported through Allied channels as well as for all transactions with Allied institutions in Russia. The inscription on the face of the notes could tentatively be of following character:

The \_\_\_\_\_ Bank accepts these ruble notes for all payments to the Bank and to all institutions connected with it. The value of this note is secured by deposits in trust with Governments of \_\_\_\_\_. In exchange this note will be equivalent to \_\_\_\_\_ in the currency of \_\_\_\_\_.

Although the value of the new ruble note will be thus established in equivalence to foreign currency, this would not mean that free and unrestricted exchange to foreign values would be effected. On the contrary, the necessity of preventing use of these bank notes by German affiliations would demand excluding entirely these bank notes from free exchange in foreign markets and would oblige limiting of such operations to the institutions of the bank only. Furthermore, following the actual practice of Allied countries such exchange would be subject to regulations which would permit the purchase of foreign currency only after proper consideration of each particular case.

## RELATION TO ACTUAL RUSSIAN CURRENCY

As heretofore stated the new bank notes should be issued without prejudice to the present currency of Russia. Theoretically, the new bank notes, being issued for a certain specific purpose, are not to interfere with the circulation and use of the present currency. No regular exchange of the new bank notes with the present ruble should be established and no fixed exchange equivalent adopted. As a matter of general policy the reduction of transactions with the present actual ruble to the lowest possible minimum is suggested.

However, transactions of this kind can not be entirely avoided. In many cases peasants and other purchasers of imported commodities, often cities, Zemstvos, and Cooperatives, will possess paper rubles as an asset which they may offer as the only security in the initial phase of their transactions with Allied institutions. In such cases, rubles might be accepted as security for credits granted, regarding them strictly as collateral without specifying their actual value and leaving the final settlement to a later epoch, when the future national government would consolidate the currency and determine the relative value of the present ruble paper.

It should, however, be anticipated that the new bank notes, although not representing a legal tender of general character, will certainly be favored by the population due to their actual purchasing power and will assume, after a certain period, the character of a *de facto* generally recognized exchange media. It is further to be expected that such process may extend beyond the sphere of individual intercourse and that certain municipalities and Zemstvos, besides railways, banks, etc., might, on their own behalf, recognize the bank notes as tender to be accepted in transactions within their sphere of action.

In this case the new bank notes would be eventually accepted, parallel to present currency, in payment of taxes, transportation fees, postal telegraph service, etc. However, such procedure would be adopted and decreed by the local governments and institutions themselves and certain parallel rates, announced from time to time, should be regarded more as a comparative price list in different currency.

## RELATION TO THE FUTURE NATIONAL GOVERNMENT OF RUSSIA

Such recognition on the part of the population of the new exchange media as tender of general character should not be considered with disfavor. To a certain extent this would facilitate the task of the future national government in the monetary reform. At the moment when the value of the inflated revolutionary ruble will have to be definitely established with regard to the new consolidated national unit, bank notes of the Allied bank, then in circulation, with their firm equivalent in foreign exchange will happily constitute a well-established standard.

It would be only necessary for the future government, through proper agreement with the Allies, to assume control of the Allied bank. Such privilege for the future Russian Government to take possession of bank with all its assets and liabilities should be properly stipulated in the constituent charter. The charter should further enable the Russian Government to determine a certain term, during which the bank notes could be recalled to be exchanged for new consolidated national currency or redeemed in foreign exchange at face value. The guaranty for such redemption would be constituted by the stock of the bank.

This provision which would enter into effect at an epoch when the process of national consolidation of Russia has been sufficiently advanced, would serve as a link between the temporary conditions, created by Allied action, and the future financial system established and consolidated by national effort.

August 1918.

File No. 861.00/2622a

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, August 31, 1918, 4 p. m.

Department has received the following letter from the Secretary of the Treasury:

A representative of the War Department called upon me yesterday and discussed with me the rumored shortage of ruble notes of small denominations in connection with the necessary expenditures of the War Department in sending troops to Vladivostok. The subject has also been discussed with representatives of the Russian Embassy. I have been unable to ascertain as yet the actual conditions as to the ruble notes in Vladivostok, nor an estimate of the needs of the War Department there. I have considered the various methods of providing rubles in small denominations in case such a shortage exists. In my judgment the most satisfactory method would be to have issued against ruble notes of large denominations, a certificate expressed in rubles of small denominations and stating that when such certificate, with other similar certificates aggregating rubles in a round amount, is presented at a designated place or places, they will be exchanged for the ruble notes of large denominations.

Various suggestions have been made as to the instrumentality to be used for the issuance of these certificates, and it seems to me that this question involves political considerations which should be determined by the Department of State. It also occurs to me that it might be advisable to effect an agreement with other foreign governments in regard to the issue of such certificates.

You are requested promptly to report to Department by cable on the following points: (1) What plans have been made by the British, French, and Japanese to supply rubles for their purchases in Siberia? (2) What instrumentality do you believe should be set up for the establishment of a medium of exchange in Siberia?

LANSING

File No. 861.00/2623

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, September 4, 1918, 9 p. m.

[Received September 5, 11.42 a. m.]

Your August 31, 4 p. m. Owing to the increased difficulties of making payments for our Red Cross and relief work in Siberia, I

have been for the past ten days investigating currency conditions at Vladivostok. I had planned to send one of the Embassy staff there to check up with Mr. Frazar<sup>1</sup> the facts which had been submitted to me, but in the absence of any reply to my August 24, 7 p. m., Mr. Frazar came to Tokyo to confer with me on this and other material questions which required decision. The facts are: There is no difficulty in purchasing either in Japan or in Siberia ruble notes of large denominations, but care must be exercised as counterfeiting is increasing. Notes of small denominations are exceedingly scarce and all kinds of makeshifts are being used, such as stamps and Russian bond coupons.

To meet this situation the Japanese military authorities acted promptly and are forcing the yen into use by the issue of headquarter notes calling for yen upon presentation. This was the method successfully used in Manchuria during the Russian war. No plan has been adopted by the British or French whose transactions are thus far comparatively small. Americans at Vladivostok have submitted to me several suggestions, among them the one outlined in the letter of the Secretary of the Treasury. Informal conferences have been held with a view to joint Allied action and some plan might be developed later but is not practical as an immediate remedy. Our military authorities in the Philippines requested the Philippine National Bank to investigate the situation with a view to arranging some method of paying our soldiers. Mr. Kopp, an official of the bank, is now here on his way to Vladivostok and will continue his journey in company with Frazar on Friday. In the meantime, at the suggestion of some one in Washington, Mr. Annatto, an Englishman, but representing the Shanghai office of the International Banking Corp., has arrived at Vladivostok and is considering the feasibility of opening a branch there. I am of the opinion: (1) That it would be a misfortune to the Russian people if the ruble were driven out of eastern Siberia by Japanese or any other currency; (2) that for the present joint Allied action is not possible; (3) that in view of our large expenditures in Siberia, we are justified in adopting our own method to meet the situation; (4) that we should act promptly or the yen will hold the field and render future reconstruction more difficult.

I believe it will be possible to carry out the plan suggested by the Secretary of the Treasury through the instrumentality of the Philippine National Bank, but before definitely recommending its adoption I have asked Frazar to obtain for me the final approval of Preston,<sup>2</sup>

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<sup>1</sup>Everett W. Frazar, of Tokyo, representative in Siberia of the American Red Cross.

<sup>2</sup>Charles L. Preston, representative in Siberia of the American Red Cross

Bullard,<sup>1</sup> Kopp, and Annatto, all of whom are expending large amounts for American activities and have made suggestions in regard to the problem.

MORRIS

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File No 861.00/2641

*The British Chargé (Barclay) to the Secretary of State*

No. 980

MEMORANDUM

His Majesty's Chargé d'Affaires presents his compliments to the Secretary of State and has the honour to inform him by direction of His Majesty's Government that the difficulty of financing necessary expenditure in north Russia indicates the necessity for introducing a new note for local circulation. Owing to the fluctuating value of the existing rouble notes and to the difficulty of securing a regular supply it is impossible to continue to rely on them. The proposal of His Majesty's Government is to found a local office note issue under Russian auspices attached to such Russian governmental authority as the Allies may recognize which will issue a new rouble note secured to a limited extent by obligations of such governmental authority but in the main by sterling reserve held at the Bank of England. This reserve would be built up by the purchase from the Russian office note issue for sterling at a fixed rate of exchange all notes required by the Allies in north Russia. The reserve would be inalienable property of office note issue and would be available to redeem notes at the same rate of exchange as that at which the notes were issued. The Allies would thus be paying their bill as they go and no one would be able to reproach them for living on the country. The Allies could gain no possible pecuniary profit and such methods would show a very desirable contrast to the methods practised in Ukraine by Germany.

His Majesty's Government presume that this course will be approved by the State Department and they are hurrying on with the details as the financial requirements are urgent, particularly at Murmansk. His Majesty's Government will keep the United States representative at Archangel informed.

WASHINGTON, September 5, 1918.

[Received September 6.]

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<sup>1</sup> Arthur Bullard, Russian division, Committee on Public Information

File No 861 00/2504

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, September 12, 1918, 5 p. m.

256. Department considering your 364, August 13, 8 p. m.<sup>1</sup> Has received communication from British Government same subject of currency.

LANSING

File No 861 51/357

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

ARCHANGEL, September 14, 1918, 4 p. m.

[Received September 18, 8.42 p. m.]

401. British Government cables British Embassy following financial scheme:

(1) A new currency for use throughout that portion northern Russia in friendly [relations] with Allies, to be issued by whatever authority recognized from time to time as representing provisional government of country and based on sterling reserve as follows:

(2) Notes to be issued by indefinite "office of conversion" like those issued in South America which raised currency there from previously depreciated condition. Conversion office Russian, not Allied, but adjunct of provisional government; issue and redemption notes to be strictly governed by following rules, save in exceptional cases, and then only on advice of British financial adviser attached to conversion office.

(3) Notes issued: (a) in exchange for sterling in London, at fixed rate, probably forty rubles for one pound; (b) in exchange for old ruble notes at rates of exchange fixed by office of conversion and changed from time to time; (c) in exchange for treasury bills of provisional government provided no more notes are so issued whenever the amount of such issue exceeds one third of the total amount in circulation.

(4) Conversion office would exchange sterling for such notes to the limit of sterling in its possession at the same fixed rate, one pound (sterling) for forty rubles.

(5) Exchange operations between sterling and old ruble prohibited in London, also in north Russia except through conversion office. All persons wishing to remit old rubles to London would first be required to buy new rubles for remittance as trading in old rubles prohibited in London and north Russia except through the office of conversion.

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<sup>1</sup>Ante, p. 58.

(6) Imported foodstuffs would be sold for new rubles only and payments to local authorities made in new rubles to extent possible.

(7) Sterling and old rubles received for new notes issued would become "inalienable property of Russian conversion office and would be held in Bank of England."

Following is paraphrase of British argument for scheme:

Above scheme disassociates currency of northern region from collapse of ruble in other parts Russia which must soon occur as result of overprinting by Bolsheviks and extended forgeries. This disassociation is effected by Russian and not by foreign authorities.

Allies are thus enabled to make immediate cash settlements for all expenditures without disturbing local conditions and provisional government can thereby obtain adequate currency for its immediate needs without straining its credit. British Government derives no pecuniary benefit whatsoever from the operation. Russians and all persons trading with Russia by such scheme have advantage of stable currency, lack of which has hitherto handicapped business.

To assist conversion office British Government is prepared to purchase at outset substantial amount of new notes for first four months of scheme operation, subsequently it is hoped new currency will form basis of circulating throughout Russia.

Under this scheme America would deposit sterling in London and receive rubles here to the extent of requirements such as paying army, diplomatic, consular officers, employees, laborers, etc., stabilizing currency; and [I] find no fault with this plan except the prominence it gives to British financing and consequent advantage. If such scheme could have dollar for basis at rate of say eight rubles for one dollar and New York as depository for reserve, it would be better financial system and more acceptable to me and to Russians also who suspect British even when bearing gifts. As British Government suggested, however, we might adopt some scheme for stabilizing ruble in Siberia and thereby offset to a great extent British domination of Russian foreign commerce. I await anxiously your view of scheme, also Secretary of Treasury.

FRANCIS

File No. 861.00/2719

*The Ambassador in Great Britain (Page) to the Secretary of State*  
 [Telegram]

LONDON, September 17, 1918, 9 p. m.  
 [Received 10.20 p. m.]

1961. Leffingwell<sup>1</sup> from Crosby:<sup>2</sup>

<sup>1</sup> Russell C. Leffingwell, Assistant Secretary of the Treasury.

<sup>2</sup> Oscar T Crosby, delegate of the Treasury to the Inter-Allied Council on War Purchases and Finance

535. French finance agent has unofficially presented plan being discussed by his Government for establishment of an inter-Allied bank which is to receive the obligations of Allied Governments or other assets supplied by them and against these to issue special currency denominated in rubles, which by presumption will be accepted in Russia in payment for supplies and services by Allied and American troops operating there. Great difficulty is reported in respect to these payments now. Please advise whether our own operations are successfully covered and whether in general the proposition above outlined is considered of interest to our Government.

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File No. 861 00/2719

*The Secretary of State to the Ambassador in Great Britain (Page)*  
[Telegram]

WASHINGTON, September 23, 1918, 8 p. m.

1611. For Crosby from Rathbone:<sup>1</sup>  
Treasury 436. Your 535 (Embassy's 1961), September 17, 9 p. m. Plans for meeting currency needs in Russia and Siberia in hands of State Department. In the interim immediate needs of our troops are being met by use of present ruble notes.

LANSING

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File No. 861.00/3948

*The British Chargé (Barclay) to the Secretary of State*  
No. 1053

MEMORANDUM

The British Chargé d'Affaires has the honour to refer to his memorandum No. 980 of September 5 with regard to the proposals made by the British Government for providing a suitable currency medium for Archangel and Murmansk.

A further telegram has now been received from the British authorities stating that they consider that it will eventually be essential to take urgent steps for the financing of Murmansk and Archangel. They would propose, therefore, unless the United States authorities have any objection to the scheme already proposed, to put this plan into operation at the beginning of October. It may be mentioned that the proposal in question does not involve any Allied guarantee and that it will be possible for the British Government to proceed without the active participation of the United States and without committing the United States to anything at all.

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<sup>1</sup> Albert Rathbone, Assistant Secretary of the Treasury.

His Majesty's Government understand that the suggestion has been made that if the United States takes part in the scheme, the Federal Reserve Bank of New York should hold further editions of any new rouble notes purchased from office conversion by the United States for their own needs. This plan would be quite acceptable to the British authorities.

It may be further pointed out that the guarantee proposals under consideration assume a concurrent policy of setting up a responsible civil Russian government in northern Russia. They have also been carefully designed in order to be perfectly free from any idea of economic penetration or from any political complications, and other proposed alternatives have appeared open to objection on these grounds. The present plan has been put forward without any ulterior political motive of any kind and is simply an honest attempt to supply northern Russia with some kind of stable medium of exchange.

As the question of providing a currency medium in northern Russia is now becoming somewhat urgent, the British Chargé d'Affaires would be grateful if he could be furnished with the views of the United States Government on the proposed scheme as soon as may be possible.

As the Department has already been verbally informed, the British Embassy are advised that, if the United States authorities considered it desirable themselves to take the initiative in making financial arrangements for Siberia, such a proposal would be most acceptable to the British Government, since the remoteness of the Siberian theatre of operations from Great Britain appears to make it undesirable that the British Government should themselves accept direct responsibility for currency required there.

WASHINGTON, September 24, 1918.

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File No. 861.51/859

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

ARCHANGEL, September 24, 1918, 7 p. m.

[Received September 25, 10.20 a. m.]

423. Also for the Secretary of the Treasury:

Sovereign government needs funds. No reply my 364, August 13, 8 p. m.,<sup>1</sup> recommending we join England and France guaranteeing Rs. 15,000,000, 5 per cent, six months, loan secured by merchandise. Lindley<sup>2</sup> says British refuse render aid unless financial scheme out-

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<sup>1</sup>Ante, p. 58.

<sup>2</sup>Francis O. Lindley, British Commissioner in Russia.

lined in my No. 401, September 14, 4 p. m., accepted. When I said I thought reserve should be held America as well as England, replied British expected us to arrange financial scheme for Siberia. What reply made proposition submitted through British Ambassador at Washington? I think proposed scheme excellent if provided for American reserve as well as British. Lindley thinks British Government wedded to plan and will insist upon its adoption, saying England large creditor of France and Italy, but I reminded him United States was also, and had made large advances to England which he admitted, but claimed such advances not exceeding English advances to her allies.

FRANCIS

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File No. 861 00/2798

*The Ambassador in Great Britain (Page) to the Secretary of State*  
[Telegram]

LONDON, September 26, 1918, 4 p. m.  
[Received September 26, 1.50 p. m.]

2228. Rathbone from Crosby:

570. Referring to my No. 535.<sup>1</sup> British Treasury has arranged for the issue of ruble notes in northern Russia independently of the plan proposed by the French. Full details going to you by mail to-morrow.

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File No. 861 51/361

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

ARCHANGEL, October 1, 1918, 3 p. m.  
[Received October 3, 12.40 a. m.]

433. Also for Secretary of the Treasury:

Referring to my 401. September 14, 4 p. m., and 423, September 24, 7 p. m. Lindley says British Government has its heart set on financial scheme and has no objection to modifying plan in accordance with my contention, that is to build reserve fund in pounds sterling London or dollars in New York thus permitting sellers Russian products to receive pay therefor in sterling or dollars and enabling us to procure rubles here by depositing dollars in reserve fund there. For instance, if we require a hundred thousand rubles, State Bank issues new currency here and we deposit dollars in reserve there at the rate

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<sup>1</sup> See Ambassador's No. 1961, Sept. 17, 9 p. m., ante, p. 68.

of eleven and nine-tenths cents per ruble, which is the equivalent of forty rubles to the pound when sterling is worth four seventy-six New York as now and has been for some time. This scheme for stabilizing gold coinage [exchange of?] ruble at eleven and nine-tenths cents or their [forty] to the pound.

Lindley remained after conference yesterday, and after saying his Government had advised him that it would not object to reserve in America, told me confidentially his Government had decided to begin operation and man *en route* here for that purpose; has not told French Ambassador because relying on preparing another scheme which Lindley thinks is Allied bank; if so I am not inclined to recommend.

British have need for tens of thousands of rubles daily for unloading ships. Labor exorbitant. The British receive and distribute all supplies even to American soldiers, French and Italians. Currency becoming scarce. Archangel issue circulating; Bolshevik government here issued one hundred million in government scrip, redeemable in rubles, but only circulated twenty-six million thereof, when deposed taking the remainder with them. On arrival I advised the government to stamp notes in circulation thus preventing Bolsheviks from using seventy-four millions; sovereign government now stamping Archangel issue. British claim must have currency to pay laborers, etc., consequently propose stabilizing financial scheme; do you see any objection thereto? Old rubles will be converted into new through conversion office and the rate of interchange fixed from time to time so that old rubles having no stable value will disappear from circulation. Allied soldiers will be paid new rubles and the supplies imported by the Allies will be sold exclusively for new rubles.

FRANCIS

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American Plan of an All-Russian Currency Based on Commodity Transactions—Execution of the British Plan with American Consent; Difficulties Encountered—French Plan for a Similar Emergency Currency Issue in Siberia—Protest by the Russian Ambassador against Measures Taken without Consultation of the Omsk Government—Shipment to Vladivostok of Notes Printed in the United States for the Provisional Government Detained by the American Government

File No. 861.51/392a

*The Secretary of State to the British Chargé (Barclay)*

The Secretary of State has the honor to acknowledge the receipt from the British Chargé d'Affaires of the memoranda numbered 980 and 1053, dated respectively September 5, 1918, and September 24, 1918.<sup>1</sup>

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<sup>1</sup>Ante, pp. 66 and 69.

These memoranda refer to certain proposals made by the British Government for providing a suitable currency medium for the Archangel and Murmansk regions in northern Russia. It is stated that His Majesty's Government proposes "to found a local office note issue under Russian auspices attached to such Russian governmental authorities [authority] as the Allies may recognize which will issue a new rouble note secured to a limited extent by obligations of such governmental authority but in the main by sterling reserve held at the Bank of England. This reserve would be built up by the purchase from the Russian office note issue for sterling at a fixed rate of exchange all notes required by the Allies in north Russia. The reserve would be inalienable property of office note issue and would be available to redeem notes at the same rate of exchange as that at which the notes were issued."

It is stated that the proposal of His Majesty's Government does not involve any Allied guarantee and that the British Government would be able to proceed without the active participation of the United States.

It is further stated that "the guarantee proposals under consideration assume a concurrent policy of setting up a responsible civil [Russian] government in northern Russia." The memorandum of September 24 adds that the British Embassy is advised that, if the United States authorities consider it desirable to take the initiative in making financial arrangements for Siberia, this procedure would be acceptable to the British Government.

The views of the United States Government on the proposed scheme are briefly as follows:

The problem in connection with Russian currency both in north Russia and in Siberia is practically identical. In each case it is a question of creating a circulating medium that will be accepted by the people. Probably no circulating medium will generally be accepted at its nominal value unless backed by commodities on the spot so that the purchasing power of the new medium may be demonstrated. It will be an advantage if any new circulating medium should be such as can ultimately be adopted or taken over by a stable Russian government. The ruble originally had a gold value of 50 cents. It is now selling at from 10 to 15 cents. If a new and distinctive issue of rubles, backed by commodities, is now put out on the market at what the old rubles are selling, it would be necessary ultimately to redeem that ruble at a face value of 50 cents which would involve considerable and unnecessary losses.

The problem, therefore, is to put out a new and international ruble backed by commodities and to put that ruble into circulation at approximately 50 cents. This can, probably, be done if, as stated above,

the international ruble is backed by commodities so that its purchasing power may be at once demonstrated<sup>1</sup>

The plan proposed by His Majesty's Government, which, the United States Government understands, involves the establishment of a new Russian currency through a so-called "conversion office," this currency to be backed in part by sterling deposits carried in London, presents, in the opinion of the United States Government, three objections:

1. The currency is being put out on the market at its approximate market value and unless it be ultimately redeemed at its face value will undoubtedly at some future time lead to an impression of deception in view of the fact that the note is denominated a ruble note. If so redeemed it will involve the loss pointed out above.

2. This currency is being issued solely under British auspices though it will receive whatever circulating value it develops through the presence of commodities brought not only from Great Britain but from the United States and France.

3. The proposal of His Majesty's Government does not take into account the desirability of establishing a similar currency in Siberia as is established in northern Russia, so that the systems established may fit into each other and be taken over subsequently by any stable Russian government.

It is not entirely clear to the United States Government what is meant by His Majesty's Government's reference to "the guarantee proposals under consideration." Further explanation of this feature of the British Government's proposal is earnestly desired by the United States Government.

The United States Government notes with pleasure the declaration of the British Government that if the United States authorities consider it desirable to take the initiative in making financial arrangements for Siberia this procedure will be acceptable to the British Government. This matter will be discussed in a subsequent memorandum.

WASHINGTON, October 5, 1918.

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File No. 861.51/403

*Memorandum by the Third Assistant Secretary of State (Long)*

October 7, 1918.

The Russian Ambassador called to-day and said that there were Rs. 3,900,000,000 with the American Bank Note Co. in Provisional

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<sup>1</sup> For the relationship of this suggestion to the War Trade Board's project of a trading corporation, cf. the *aide-mémoire* of Oct. 10, *post*, p. 147.

Government currency, 24,000,000 pieces of 100-ruble denomination and 60,000,000 pieces of 25-ruble denomination.

He requested that permission be had to send them to Vladivostok and to be held there in escrow by an American official with the idea that they be not used at present or issued as currency but be held in case it should be determined later that it would be the best thing to issue them, and so that, if it developed that it was advisable to issue them, sixty or ninety days' time could be saved by having them on the spot instead of having to transport them there from New York.

I told him that I would take up the matter and let him know.

BRECKINRIDGE LONG

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File No 861.51/392

*The British Chargé (Barclay) to the Secretary of State*

No. 1148

MEMORANDUM

The British Chargé d'Affaires presents his compliments to the Secretary of State and has the honour to inform him that the memorandum from the Department of State of October 5, with regard to the Russian currency question, was duly telegraphed to London. Mr. Barclay has now received instructions from the Foreign Office to transmit to the Department the following statement with regard to this question:

The memorandum from the United States Government setting forth their views on the proposed currency for Murmansk and Archangel has received the careful consideration of His Majesty's Government.

With regard to the first question raised in this memorandum, i. e., the exchange value of the new currency, careful consideration was given to the possibility of endeavouring to give the new rouble a gold value of 50 cents, but it was felt that in practice almost insuperable difficulties would arise if the value of the new unit were to be separated so very widely from the value of the present unit. The objection particularly taken by the State Department on this point seems, however, to be due to a misapprehension. It is proposed that the new notes should bear on their face a statement indicating that they will be redeemed at the rate of forty to the pound sterling, and this will prevent any question arising as to a liability to redeem them in the future at 50 cents.

With regard to point No. 2: In view of the need for prompt action and in view of the fact that His Majesty's Government are principally responsible for operations in north Russia, the British authorities have naturally been led to take the first steps in the new currency proposals. For similar reasons it would be equally natural if the lead as regards these matters in Siberia were taken by the

United States. The new Russian currency will in any case be under Russian auspices, and will not carry any guarantee on the part of Great Britain, and the connection of the British Government with the scheme will be principally through the medium of British financial advisers.

With regard to point No. 3: The British Government think that several months of elaboration and discussion would be necessary in order to work out the details of a scheme of new currency of an inter-Allied character to circulate throughout Russia and Siberia. For this reason, the British Government have felt it essential to bring forward a plan of an experimental character and limited application, in order to meet the urgent military requirements of the situation.

In the present situation the British authorities think it essential that immediate action should be taken. The British representative at Archangel has telegraphed that it will be necessary to bring the new currency into circulation very shortly, and the British Commander in Chief agrees in this view, and is of opinion that it would be "disastrous" further to delay bringing the scheme into force. General Poole also telegraphed on October 11 that he expected that local outbreaks might shortly take place unless a supply of currency could be secured, owing to the government being unable to find cash for the payment of wages for necessary services such as those of the port, railway and fire departments.

In view of the urgency of the situation now existing in northern Russia, the British Government hope that the United States Government will not feel any objection to the proposal to proceed at once with the British currency scheme, which will be done without prejudice to later developments or to any subsequent scheme on permanent lines which may eventually be reached between the Allies. This course is rendered inevitable by the military exigencies of the situation and the absence of any alternative scheme which could be brought into operation without delay. The British Government much regret that the pressure of circumstances should be such as to make it impossible to evolve at the present moment a complete and final scheme of inter-Allied character. As soon, however, as such a scheme has been evolved, it could of course absorb the emergency issue made by the British Government to meet military exigencies.

The British authorities anticipate that some announcement as to the new currency arrangements in Archangel will have to be made not later than the 19th instant. They hope, therefore, that the Department of State, if they desire to make any further communication with regard to this question, will do so at the earliest possible moment. The British authorities are most anxious to meet the wishes of the United States Government in this matter, and realize the importance of united action; on the other hand they feel that the United States Government will realize the urgency of the present situation and the impossibility of avoiding an announcement on the lines indicated above.

WASHINGTON, *October 16, 1918.*

File No 861 51/392

*The Department of State to the British Embassy*

MEMORANDUM

The Government of the United States has given very careful consideration to the memorandum of October 16, 1918, No. 1148, presented by the British Embassy on the subject of the establishment, in the Archangel and Murmansk districts of Russia, of a new currency redeemable at a fixed rate in pounds sterling.

It is noted that the British authorities at Archangel regard it as essential that immediate action be taken in this regard and that the British Commander in Chief is of the opinion that it would be "disastrous" to delay bringing into force the scheme which has been proposed by the British Government.

The Government of the United States assumes that the British authorities in north Russia, in making their recommendations, do so with full cognizance of the proposal, which it is understood the British Government accepts in principle, that a new currency of inter-Allied character be established with the least possible delay, and that these authorities have considered and dismissed as impracticable the purchase for immediate necessities of limited amounts of rubles of current circulating issues as a temporary expedient pending the establishment of such a currency of inter-Allied character.

If this assumption is correct, and if the local authorities upon whose judgment the British Government relies have acted with full knowledge of the financial plans now being developed among the interested Associated Governments and with an appreciation of the desirability, which appears self-evident, of avoiding adding a new temporary emergency currency to the already confused monetary situation, then the Government of the United States, in deference to the well-considered judgment of those in immediate touch with local conditions and charged with responsibility in respect thereto, would not desire to raise further objection to the plan of the British Government for the immediate issue in north Russia of a new temporary currency redeemable at a fixed rate in pounds sterling. At the same time the Government of the United States can not but express the hope that, if the issue is made, its emergency character will be emphasized and that to this end a time limit be expressed on the face of the currency, specifying that it must be presented within a limited time for redemption, which time in the opinion of the Government of the United States should be short.

The Government of the United States notes the suggestion that as the British authorities are taking the lead in steps to establish a

new currency in north Russia, it would be equally natural if the lead as regards these matters in Siberia were taken by the United States. In the judgment of the United States, it would be most unfortunate if a different medium of exchange should be established in north Russia from that which may be established in Siberia, particularly since it is hoped that the assistance inaugurated from Archangel and Vladivostok, respectively, may shortly effect a juncture, in which case the undesirability of having introduced more than one currency would be obvious. The Government of the United States also assumes that this suggestion does not imply a desire on the part of the British Government that distinct "spheres of influence" should be set up in Russia, but merely that practical situations may from time to time throw upon one of the Associated Governments a greater measure of assistance than may fall upon another. The British Embassy is aware that the action of the United States in participating in aid for Russia has been determined only by considerations of the measure of assistance it has been in a position to offer.

WASHINGTON, October 21. 1918.

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File No 861.51/379

*The Consul at Vladivostok (Caldwell) to the Secretary of State*  
[Telegram]

Vladivostok, October 23, 1918, 8 p. m.

[Received October 24, 9.13 p. m.]

221. Referring to telegrams Ambassador Morris and others regarding shortage small currency, local branch government bank is willing issue Rs. 15,000,000 small-denomination notes to be released to the public in exchange for [large] ruble notes, the latter being held by a government bank to guarantee small notes. However, it will be necessary for the Allies to bear expense of issuing, which it is suggested might be done by American Bank Note Co. in Peking, government bank stating that they have not funds for this purpose and can not obtain as they are unable to receive money or instructions from the head office in Petrograd. They might obtain from the Siberian government in Omsk but money is very scarce with them so consider long delay certain and the success doubtful. It is also suggested the Allies should supervise issue, bank always holding the large notes which have been paid in for small which would be redeemable on demand in large notes only, no other guaranty to be given. In view of the difficulties encountered constantly by our Army, Red Cross, and Y.M.C.A. in their work in Siberia owing to the shortage small currency, would recommend bearing

all or part of the expense of issue subject to settlement later with the Russian Government. On request I met with representatives of British and French High Commissioners and Japanese diplomatic representative and representatives of British, American, and French banks to discuss this question. All agreed report favorably to their governments on the proposal outlined above.

Have you any objections to my attending such conferences in my capacity of consul only?

CALDWELL

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File No. 861 51/378

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

ARCHANGEL, October 24, 1918, 3 p. m.

[Received October 24, 12.54 p. m.]

513. Referring to my 401, September 14, 4 p. m., and 423 September 24, 7 p. m.<sup>1</sup> British financial expert arrived here with one hundred million new rubles which proposes paying British soldiers and for other necessary expenses. The government is in financial straits but I have objected to their accepting such new rubles, if tendered, as I think it [they] will be. What understanding, if any, have we on the subject? Have you any instructions?

FRANCIS

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File No. 861.51/396

*The Russian Ambassador (Bakhmeteff) to the Counselor for the Department of State (Polk)*

WASHINGTON, October 25, 1918.

[Received November 2.]

MY DEAR MR. POLK: Information coming from Siberia reveals without doubt the most acute shortage in the country of currency of small denominations. This fact has to be accounted for not only when devising plans for economic assistance to Russia but has to be most seriously considered with reference to any plans for the re-establishment of the financial system of the country.

Latest information relates to efforts of most encouraging character in this respect. The reports show that a treasury has been instituted at Omsk, that taxes are levied and that considerable gold reserves have been saved from Kazan and moved east. More so, the new government desires to establish its financial system on a sane basis, refraining, by all means possible, from the issuance of paper money.

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<sup>1</sup>Ante, pp. 67 and 70

Actual developments will naturally depend greatly on the general course which the United States and the Allies will adopt with regard to financial policy connected with economic assistance and still more on the forms which this financial aid shall assume. Nevertheless, whatever course might be pursued, the necessity of having sufficient currency of small denominations is evident.

The uncertainty at the moment of the exact character which the financial measures in Russia will assume does not justify delay in placing orders for notes of small denominations. In fact if the notes are ordered in the form of small treasury bills without any indication on their face of their value relative to gold, one may obtain currency which might be used as change in connection with any bank notes to be issued in the future. The usefulness therefore of these bills would not be impaired. While on the other hand, one should take into account that under circumstances the execution of the order will necessarily take considerable time.

It is the plan of the Embassy to place the order with the American Bank Note Co. of New York for the total amount of 110,000,000 bills, the cost of such an order being approximately \$800,000. In the first place it is purposed to order 50,000,000 of the 50-kopek bills similar to those which previously were used in Russia.

As under present circumstances these orders can not be placed without the consent of the United States Government I have the honor to present the question for your consideration.

I am [etc.]

B. BAKHMETEFF

File No. 861.51/381

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

ARCHANGEL, October 25, 1918, 7 p. m.

[Received October 26, 8.45 p. m.]

521. Containing [continuing] my 513, October 24, 3 p. m. British financial expert Harvey had a conference last evening with President, Minister of Finance, and Lindley.<sup>1</sup> Harvey claims financial scheme not British Government's but proposed by private interests for adoption by provisional government. Scheme provides fixed rate of exchange of forty rubles to the pound and for every reserve pound deposited in the Bank of England the Government can issue forty rubles here. British Government offers to purchase Rs. 100,000,000 for paying military naval forces and other expenses here against which deposits two and a half million pounds sterling Bank of England, such rubles redeemable in London in gold at

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<sup>1</sup> Francis O. Lindley, British Commissioner in Russia.

value one-fortieth pound. When the President asked whether redeemable in other Allied countries Harvey replied that the government could arrange for redemption in New York, Paris and elsewhere through its financial agents at the same rate. The President agreed with my suggestion that would not adopt plan without conference with Allied chiefs and after due deliberation but remarked that government in financial straits while saying that if project accepted would lose half its value if America did not cooperate, meaning thereby that northern province would have commercial relations with the United States equal to England. Plan also provided that provisional government could issue maximum of one half outstanding secured notes on its own credit only without depositing reserve.

Project not thoroughly discussed with Harvey who claims that British projectors offered to pay his expenses and compensate for his services, but he refused both remarking that his only master was the scheme itself; did not explain how expected to reap reward for his outlay and services.

I told government that inferior currency invariably drives better from circulation consequently new ruble would disappear immediately and remain hidden until old Russian ruble appreciates in value to exceeding one fortieth of pound; that America and France must agree before adoption of rule whereby supplies for civilian relief could be purchased only for such ruble. President assented.

Total rubles circulation was nineteen billion until Soviet government installed which continued issuing same notes as Provisional Government, commonly called Kerensky's, total issue of which unknown but estimated fifty to sixty billions. Archangel under Bolshevik rule authorized issue one hundred million Archangel notes redeemable in Russian rubles not otherwise specified, consequently includes Kerensky's which daily growing scarcer and imperial rubles seldom seen. Bolsheviks when deposed had issued twenty-six million Archangel notes taking seventy-four with them.

If British project adopted will have conversion office to convert rubles into new, the rate of conversion changing from time to time. Present rate would be about five old rubles for four new. Old rubles circulate throughout Russia, consequently new can not approximately supplant the old.

I advised President that if scheme adopted should call new rubles by some distinctive name such as Archangel or Northern Province otherwise would have effect of reducing permanent value of Russian rubles to equivalent of one fortieth of pound if issue enlarged to meet requirements of all Russia.

Would such issue interfere with plans of War Trade Board? Problem complicated requiring much consideration. I have inquired whether British Government submitted scheme to our Government as Lindley told me it had but I have received no reply. I believe project originally governmental but changed because Allies withheld concurrence. Understand War Trade Board representative stationed Stockholm. Can not he come here? Is able and experienced. Whether scheme is British Government's or not, it would undoubtedly give England commercial advantage.

FRANCIS

File No. 861 51/378

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, October 26, 1918, 2 p. m.

324. Answering your 513, October 24, 3 p. m. Following is summary of memorandum delivered to British Embassy, October 21, in regard to a proposal on the part of the British Government to establish in the Archangel and Murmansk districts of Russia a new currency redeemable at a fixed rate in pounds sterling.

[Here follows summary of memorandum of October 21 to the British Embassy, *ante*, page 77.]

LANSING

File No. 861.51/380

*The Chargé in Great Britain (Laughlin) to the Secretary of State*

[Telegram]

LONDON, October 26, 1918, 5 p. m.

[Received October 27, 4.10 a. m.]

3126. [For] McAdoo from Cravath:<sup>1</sup>

723. Conference held to-day between representatives of British, French, and Japanese Government treasuries and ourselves regarding emergency currency for northern Russia and Siberia. Understand that our State Department has been fully informed regarding and has considered plan approved by British and French Governments under which British Government acting alone will create a special ruble currency for northern Russia available for Great Britain and Allies and the United States for expenditures of missions in that region. Assume have been fully informed of this plan by State Department. British, French, and Japanese rep-

<sup>1</sup> Paul D. Cravath, advisory counsel of the American mission to the Inter-Allied Council on War Purchases and Finance.

representatives agreed that need for emergency currency in Siberia for requirements of Allies and our Government. British and French have thus far provided for their requirements in Siberia chiefly by rubles purchased in various parts of Russia. Further resort to this expedient undesirable, both because of difficulty in procuring old rubles and because of probability that present Russian Government having found that its new ruble notes unpopular is issuing ruble notes which can not be distinguished by [from] those issued by the old Russian Government. Japan has been financing her requirements chiefly by special yen notes issued either by Japan or Korean Government which, however, will only circulate freely in certain portions of Siberia chiefly commercial communities at or near seaboard. Conference agreed that an international note issue highly objectionable both because of great amount of time required to work out details and because of difficulties inherent in any scheme for issuing currency backed by international guaranty or other international action the chief difficulty being that if currency were made convertible into dollars, sterling or yen as would seem to be necessary, it would probably drift automatically to the market which offered the most advantageous exchange rates which for the time being would doubtless be Japan. French representative stated that French expenditures in Siberia would be greater than those of the United States or Great Britain because of obligation assumed by France to provide for Czecho-Slovak Army. We finally suggested that for the sake of simplicity and speed France should undertake an emergency note issue for Siberia similar to that proposed to be undertaken by Great Britain for northern Russia. In this event France would provide the United States, Great Britain, Italy, and Japan with this currency in exchange for dollars, sterling, lire, and yen while assuming current rates of exchange. British Treasury representative approved this suggestion and Japanese representative expressed belief that Japanese approval would be forthcoming. I said that inasmuch as I had no instructions and that [since,] from indications from cables received by British and French Treasuries, the subject was already under consideration at Washington by either State Department or Treasury Department, or both, I could not do more than cable to you the results of the conference and ask for instructions. I should receive these instructions as soon as practicable as prompt action desired by all. Am impressed with the difficulties of any scheme for the issue of emergency currency for Siberia based on international action and am inclined to regard French proposal as best adapted to meet present emergency provided there is no political objection. All agree that emergency measures now under discussion may be superseded by more permanent measures

when further progress has been made in straightening out Siberian situation and basis for creation of a stable government with clearly defined territorial limits has been established. Crosby who is in Paris will receive copy of this cable Monday.

LAUGHLIN

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File No. 861.51/382

*The Chargé in Great Britain (Laughlin) to the Secretary of State*

[Telegram]

LONDON, October 29, 1918, 7 p. m.

[Received October 29, 1.53 p. m.]

3169. McAdoo from Cravath:

729. Have just received from Embassy copy of memorandum dated October 21<sup>1</sup> delivered by our State Department to British Embassy regarding emergency currency for northern Russia and Siberia. Please instruct us whether in view of French offer mentioned in our 723 we shall press suggestion of State Department memorandum that our Government undertake issue of emergency currency for Siberia. Meantime have asked British Treasury to submit to us for approval or suggestions their plan for emergency currency for northern Russia so that plan finally adopted by us or by French for Siberia may be along similar lines.

LAUGHLIN

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File No. 861 51/384

*The Russian Financial Delegate (Novitsky) to Mr. Miles of the Division of Near Eastern Affairs of the Department of State*

WASHINGTON, October 30, 1918.

DEAR MR. MILES: Previous to the overthrow of the Provisional Government in Russia an order for Russian bank notes was placed in this country at the request of that Government. These bank notes have been manufactured and are now ready for shipment. As the Siberian government in Russia is in great need of currency according to all advices reaching this Embassy, the Ambassador discussed with Mr. Polk the question of the possibility of shipping these bank notes to Vladivostok. Mr. Polk did not raise any objection and informed the Ambassador that the Department of State was agreeable to the shipment of the currency, provided the Treasury Department had no objection to this course.

The consent of the Treasury Department was obtained and an export license, No. 190873, issued by the War Trade Board for

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<sup>1</sup> *Ante*, p. 77.

export of the bank notes at the request of Mr. Ughet, financial attaché to the Embassy.

At the present time the question of available tonnage arose and it was proposed to send the notes partly on a United States transport, bound for Vladivostok and partly on one of the steamers of the Nippon Yusen Kaisha line. Application for a permission to ship the notes on a transport, the space required amounting to seventy tons, was made by me in a personal interview with Colonel Cordier of the War Department, by whom I was informed that the Department would find no objection to grant the permission requested if it was informed by the State Department of its view in this matter.

Therefore, I beg to request you to have the War Department advised of the consent of the State Department to the shipment of currency. As it would be greatly desirable to have a Russian official accompany the bank notes to Vladivostok it is exceedingly important to obtain at the same time permission for the person to take passage on board the transport; the name of the official that will be entrusted by the Ambassador to accompany the bank notes will be communicated to the Department of State in the nearest future.

According to information given by Colonel Cordier, the transport sailing to Vladivostok will leave San Francisco between the 18th and 20th of November and as it is necessary to ship the bank notes from New York to San Francisco, I should greatly appreciate your speedy action in this question.

It is understood that any expenses incurred by the United States Government in this matter will be refunded by the Russian Embassy.

I beg to remain [etc.]

W. NOVITSKY

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File No. 861 51/384

*The Secretary of State to the Secretary of War (Baker)*

WASHINGTON, October 30, 1918.

MY DEAR MR. SECRETARY: With reference to negotiations between the Russian Embassy and this Government for the shipment of certain Russian bank notes to Vladivostok, I find that, with the cognizance of the Treasury Department, an export license for the shipment in question has been granted by the War Trade Board. I hope it may be practicable for the War Department to arrange for the shipment to be taken in an Army transport. If you can agree to this I would suggest that the details be determined by conference between your Department and a representative of the Russian Embassy.

I am [etc.]

ROBERT LANSING

*The British Chargé (Barclay) to the Secretary of State*

No. 1212

## MEMORANDUM

The British Chargé d'Affaires presents his compliments to the Secretary of State and has the honour to refer to the Department's memorandum of October 22 [21]<sup>1</sup> with regard to the proposals made by the British Government in connection with the introduction of a new currency medium in northern Russia.

The substance of this memorandum was communicated by telegraph to the British authorities, and His Majesty's Chargé d'Affaires has now received instructions to reply that His Majesty's Government much appreciate the action of the United States Government in withdrawing further objection to their plan for the immediate issue of a currency in northern Russia. His Majesty's Government beg to confirm the assurances they have already given that the issue of currency, now projected, shall not be allowed to prejudice any future currency arrangements for Russia to which the Associated Governments may in future agree to afford their support.

Whether the new currency eventually to be established should be of an inter-Allied or of a purely Russian character is a question which, the United States Government will doubtless agree, cannot be prejudged at the present time. His Majesty's Government are themselves hopeful that it may be possible to merge the present emergency issue in a purely Russian currency, and that any inter-Allied intervention in the matter may eventually prove unnecessary.

As regards the suggestion that the emergency character of the present issue should be emphasized by notes bearing on their face a time limit, within which they must be presented for redemption, His Majesty's Government regret, after having carefully considered the proposal, that technical objections render its adoption impossible. Apart from the fact that the notes have already been printed, and cannot be altered within a reasonable time, His Majesty's Government are of opinion that the conversion of a currency document into short dated bills would be likely to render it extremely unsuitable for currency purposes.

The question of currency in Siberia will doubtless be the subject of further correspondence.

His Majesty's Government would much welcome the establishment of a currency in Siberia either under United States or French auspices on lines similar to those adopted by them in northern Russia. The French Government have lately indicated that it may be necessary for them to take some sort of action on these lines for the

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<sup>1</sup> *Ante*, p. 77.

purpose of financing the Czecho-Slovaks. The representatives of the United States Treasury in London are fully acquainted with these proposals which are, at present, of a very tentative character. His Majesty's Government will welcome their full cooperation in any such arrangements, whether it proves more convenient that they should be initiated under American or French auspices.

In conclusion, His Majesty's Government beg to assure the United States Government that the latter correctly assume that the present arrangements do not imply a suggestion on the part of the British Government that distinct spheres of influence should be set up in Russia, but merely that practical situations may from time to time throw upon one of the Associated Governments a greater measure of assistance than may fall on another.

WASHINGTON, November 1, 1918.

[Received November 2.]

File No. 861 51/382

*The Secretary of State to the Chargé in Great Britain (Laughlin)*

[Telegram]

WASHINGTON, November 2, 1918, 3 p. m.

2593. For Crosby<sup>1</sup> from Rathbone:<sup>2</sup>

Embassy's 3126 from London, October 26, 5 p. m.; your 723. Embassy's 3169, October 29, 7 p. m.; your 729.

1. British plan for special ruble currency in northern Russia has been considered by State Department and Treasury. Believe this plan open to serious objection either of putting out at a discount rubles which would ultimately have to be redeemed at par, or else of denominating as a ruble something which would be redeemable at less than the normal worth of the ruble. Do not think that this point would be sufficiently covered in practice by any notation on the face of the ruble. Understand Department of State, in view of British representations as to urgency, has acquiesced in this plan's being adopted as temporary measure in northern Russia but only on certain conditions.

2. Believe steps should be taken as soon as practicable regarding currency in northern Russia similar to those taken in Siberia so that two systems can at proper time be merged.

3. State Department advises that no emergency exists in Siberia except for small ruble notes. Our Consul at Vladivostok cables these can be arranged for by deposit with local branch government bank of

<sup>1</sup> Oscar T. Crosby, delegate of the Treasury to the Inter-Allied Council on War Purchases and Finance

<sup>2</sup> Albert Rathbone, Assistant Secretary of the Treasury.

ruble notes of large denominations and issuing certificates against same in small denominations exchangeable for larger denominations when presented in requisite amounts. See no reason why temporary needs British, French, and ourselves should not be provided for by the purchase of existing rubles with provision for small notes as above. This much preferable to initiating new and imperfect plan as temporary expedient. It is not intended to adopt in Siberia even as temporary expedient anything similar to British temporary plan in northern Russia.

4. The plan for currency for Siberia which in principle has been approved by the Treasury is satisfactory to Bakhmeteff and has been the subject of conference between State Department, Treasury, and War Trade Board before being submitted to representatives of Allied Governments here. State Department advises us that they wish to continue these discussions in Washington and not in London or Paris. This plan is being proceeded with and every probability that existing rubles can be used until this plan can be put into effect. For your information we are sending by mail copy of this plan.

5. French offer has not changed our views nor those of State Department as expressed above.

6. War Trade Board instructing Owen, its representative in Sweden, to proceed to Russia and join Francis.

LANSING

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File No. S61.51/406

*The Russian Ambassador (Bakhmeteff) to the Counselor for the Department of State (Polk)*

WASHINGTON, November 8, 1918.

MY DEAR MR. POLK: I have been informed that an exchange of views has recently been taking place between the United States officials and the representatives of the British and French Governments with regard to currency of small denominations to be used by the United States and Allied troops in Siberia.

According to cables, which have been reaching me lately from Siberia, one is led to accept, beyond doubt, that the new national Russian authorities, at present established in Omsk, would resent any issuance of currency for use in Russia performed without their knowledge and concurrence.

I felt it my duty to draw your attention to this fact, for although the Omsk government is not officially recognized by the powers, nevertheless, the very fact of existing authority cannot be disregarded. More so, that I feel quite certain there would be no diffi-

culty at all in arriving at a proper understanding with the Omsk authorities.

In particular one could take advantage of the proposed order of treasury bills in small denominations which I referred to in my communication of October 25.<sup>1</sup>

I am [etc.]

B. BAKHMETEFF

File No. 861 51/414a

*The Secretary of State to the Chargé in Russia (Poole)*

[Telegram]

WASHINGTON, November 9, 1918, 4 p. m.

348. Please cable us text of ruble note which British are issuing at Archangel, and keep us advised of method they are adopting to introduce such notes into circulation, and to secure their acceptance as circulating medium and their success in so doing.

LANSING

File No. 861 51/415

*The Chargé in Russia (Poole) to the Secretary of State*

[Telegram]

ARCHANGEL, November 18, 1918, 7 p. m.

[Received November 19, 2.47 p. m.]

586. The Department's 348, November 9, 4 p. m., received 17th. Kopek denominations of new note will bear on front, "Northern Russia, having equal currency with small change silver money." On back, "Forgery of this note is punishable by law." Ruble denominations will bear following: "Northern Russia state credit notes. The state issue office changes credit notes for pounds sterling without restriction of amount at forty rubles to one pound sterling." Also:

1. Change state credit note for pounds sterling is guaranteed by the entire property of the state and by an inalienable reserve held by the Bank of England.
2. State credit notes have currency throughout the Empire equally with gold money.
3. Those guilty of forgery of state credit notes are punishable by deprivation of all rights and by banishment to penal servitude.

Notes resemble Imperial issue. Phrase, "Throughout the Empire," in second paragraph above, is being stamped out locally together with initial surmounted by imperial crown which occurs in design, through inadvertence it is said.

<sup>1</sup> *Ante*, p. 79.

Am telegraphing *en clair* under No. 587 draft not yet signed of constitution of note office as furnished by Harvey. I suggested to Chai-kovski<sup>1</sup> to-day: First, that in order to make it clear that the issue is temporary and local and designed to meet Allies' demand as well [as] to save future embarrassment, it would be advisable to stipulate at the outset that under no circumstances should a total of more than say Rs. 200,000,000 be issued or that emission operations should not be continued beyond one year; secondly, that natural resources should not be mortgaged or concessions given as security for the loans pro-vided for in paragraph 5; and, thirdly, that great care must be exer-cised in introducing the new issue to avoid a rapid and marked depre-ciation of existing issues such as might produce dangerous discontent or even panic among those who have hoarded the existing issues above mentioned. The third point to Harvey also who seems to be im-pressed with this danger and is discussing with Lindley means of obviating it.

Poole

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File No 861.51/414

*The Chargé in Russia (Poole) to the Secretary of State*

[Telegram]

ARCHANGEL, November 18, 1918.

[Received November 19, 11.01 a. m.]

587. The temporary government of the northern region issues national credit notes of northern Russia secured by foreign exchange at the rate of forty rubles for one pound sterling on the following terms:

1. For the emission of the aforementioned currency the tempo-rary government founds a national *émission caisse* presided over by a financial adviser, who will be assisted by an advisory committee of four members appointed by the temporary government, who can be dismissed by them. The financial adviser will be appointed by the temporary government or its successors in agreement with the British Government. If an agreement is subsequently entered into with the French and American Governments on the lines of the agreement with the British Government such Governments shall also concur in the appointment of the financial adviser.

2. The national *émission caisse* is an organ of the temporary gov-ernment of the northern region or such other government as may succeed it and be recognized by the Allies. The issue of currency now projected will not be allowed to prejudice any future currency

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<sup>1</sup>N. V. Chaikovski, president of the government of the northern region.

arrangements for Russia to which the Associated Governments may in future agree to afford their support.

3. The national *émission caisse* issues rubles secured by the whole resources of the nation and a special fund at the Bank of England in sterling, payments in francs and dollars will also be accepted at the rate of exchange of the day. (Arrangements will be made with first-class banks in France and America for special funds securing the new notes at a rate equivalent to the exchange value of one pound sterling as being the value of forty rubles.)

4. The new ruble shall be issued in unlimited quantities immediately upon receipt by the *caisse* of information of deposit in the Bank of England of the suitable equivalent.

5. When not less than three million rubles shall have been issued according to the above paragraph the national *émission caisse* shall have the right to issue a further amount of rubles not secured by such fund in the proportion of not more than one third of the whole sum in circulation issued under the security of the foreign reserve. The said additional issue serves for loan to the northern Russian government for its needs and under its guaranty and also for buying the present all-Russian rubles now in circulation at a rate to be established from time to time by the national *émission caisse*. In no case may there be more notes issued otherwise than against foreign currency than an amount equal to one third of the total of notes issued against such foreign currency and in circulation.

6. The financial adviser for the first six months shall be Mr. E. M. Harvey and he can only be dismissed from his duties in the event of his not complying with the regulations and rules confirmed for the national *émission caisse*. Mr. Harvey's successor will be appointed by the temporary government in agreement with His Majesty's Government.

Poole

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File No. 861.51/405

*The Acting Secretary of State to the Chargé in Great Britain  
(Laughlin)*

[Telegram]

WASHINGTON, November 22, 1918, 7 p. m.

2973. To Crosby from Rathbone, Treasury:

Embassy's 3356, your 739.<sup>1</sup> Russian Ambassador advised State and Treasury Departments that he had been urged repeatedly by Omsk government to forward to Vladivostok bank notes of approximately nominal value Rs. 84,000,000 which the Russian Am-

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<sup>1</sup> Not printed.

bassador had printed in the United States many months ago. War Trade Board granted export license but notes are to be consigned to War Trade Board representative and to be released only upon authority of State Department. In view of situation it was deemed advisable to permit shipment on conditions mentioned, disposition of notes to be later determined.

POLK

File No. 861.51/425

*The Chargé in Russia (Poole) to the Secretary of State*

[Telegram]

ARCHANGEL, December 3, 1918, 6 p. m.

[Received December 4, 9.50 p. m.]

628. Admiral McCully,<sup>1</sup> who went to Murman November 24, telegraphs the Embassy under date of November 30: "Workmen still remain unpaid and conditions approaching acute stage. There have been recently armed conflicts in Murman between Russians and British, with four or five killed. Settlement workmen's claims and supply of currency are urgent."<sup>2</sup> General Maynard, who is now in London, has acquainted the British authorities with the currency needs at Murman, and they have in turn to-day instructed Lindley to find the sums needed, amounting in all, I believe, to Rs. 39,000,000, by December 31, after which date the Foreign Office says that new rubles of the British issue may be supplied. Lindley has on hand only Rs. 3,000,000, which he is sending at once. The only means so far perceived of obtaining further large amounts is through the sale of new rubles of British issue for future delivery. New rubles can not be delivered in large quantities at once owing to need for local stamping as explained in my No. 586, November 18, 7 p. m.

Foregoing has been sent to Paris also.

POOLE

File No. 861.51/426

*The Chargé in Russia (Poole) to the Secretary of State*

[Telegram]

ARCHANGEL, December 3, 1918, 8 p. m.

[Received December 5, 1.43 a. m.]

631. Continuing my 586, November 18, 7 p. m. British and north Russian provisional government have definitely agreed on funda-

<sup>1</sup> Rear Admiral Newton A. McCully, commanding U.S. naval forces in north Russia.

<sup>2</sup> Regarding the situation referred to, see the Ambassador's telegram No. 385, Sept. 6, vol. II, p. 519.

mental articles for new currency issue, not different essentially from the summary telegraphed under No. 587. Four millions have been issued to expeditionary force which will use them for the payment of the soldiers. It is intended to continue for the present payment of laborers in old rubles; no loan to provisional government has been arranged as yet.

Referring to the second paragraph of my telegram No. 586, Chaikovski tells me British Government did not consent to insertion of limit in fundamental articles, but that he has a letter from Lindley recognizing temporary character of the measures taken, and promising that no objection will be made to a limitation in the future, should government policy seem to require it.

At a meeting with Diplomatic Corps last evening, the President and the Minister of Finance promised to cease further emissions of so-called treasury [notes] which the provisional government has put out to the amount of 35,000,000 without specific security or real subscription and made legal tender; they were also impressed with the necessity of providing for the retirement of at least part of these notes at due date, February 15 next. Request for an account of governmental expenditures to date and budget for the future insistently renewed.

More complete report on British financial project follows by mail.  
POOLE

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File No. 861 51/498a

*The Acting Secretary of State to the Consul at Archangel (Cole)<sup>1</sup>*  
[Telegram]

WASHINGTON, December 6, 1918, 9 p. m.

[From War Trade Board:]

20. For your information we approved the following submitted to us by Russian Embassy as a portion of cable they were sending to Omsk government:

All efforts of the United States Government to prompt industrial and commercial interests to organize for the import to and export from Russia are at present being seriously hampered by the lack of a stable monetary unit in Russia, which creates the necessity of taking great risk in all commercial transactions. Desiring to stimulate private initiative and to give Russian and American firms the possibility of governing themselves by stable and positive data in transactions between the United States and Russia, the United States Government, through a corporation formed by it on the basis of a private corpora-

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<sup>1</sup>The same, on the same date, to the diplomatic representatives in Great Britain (No. 3289, for Sheldon, No. 1787), Japan (No. 151), and Sweden (No. 1355, for Owen, No. 120), and to the Consul at Vladivostok (for Heid, No. 44). File Nos. 661.119/342d, 304g, 304h, and 861.51/451c.

tion, intends to meet the temporary emergency by issuing trade notes at parity of fifty cents to ruble. These trade notes will not purport to be currency such as a government would issue, but it is expected will be acceptable in payment for purchase of goods imported from the United States, and furthermore may be exchanged against drafts on New York, London, Paris, and Tokyo. The trade notes will penetrate into masses of population, for example, for payments of purchases effected by the Czecho-Slovaks or American forces in Russia, and for merchandise acquired for export; likewise through granting of credits to individuals, cooperative associations, Zemstvos or other organizations with satisfactory collateral as security. The issue will not in the beginning exceed \$5,000,000, that is, Rs. 10,000,-000. Later on the amount of currency to be issued will be regulated by amount of commodities sent over to Russia, by the necessities of monetary circulation, etc.

The fundamental principles of this issue are in harmony with the plans of the Embassy outlined in a memorandum presented to the Federal Government in August, copy of which has been given Sookine.<sup>1</sup> The need for this issue will, in the opinion of the Government of the United States, exist until after official recognition of a government in Russia, and the establishment of a stable monetary unit, at which time appropriate measures will be at once considered for the retirement or conversion of these certificates. Until this time an issue such as is planned is, in the judgment of the United States Government, in which we concur, the only means able to give an impulse to the development of trade between America on the one hand and Siberia, Murman, Archangel, and other parts of Russia on the other.

Being invited to discuss this plan, we pointed out the advisability of acquainting the Siberian government with this plan before any steps were actually taken concerning the circulation even of certificates of this character. Having conferred with the Government of the United States, we find that it, having in view solely the interests of Russia in issuing these certificates, is anxious to receive all constructive suggestions which the Omsk government would have to offer in this respect, and it has expressed the hope that there may be no delay in furthering economic assistance to Russia through the adoption of this plan.

Please discuss this plan and communicate your opinion for transmission to the United States Government.

POLK

File No 861.51/432

*The Chargé in Russia (Poole) to the Secretary of State*  
[Telegram]

ARCHANGEL, December 17, 1918, 6 p. m.

[Received December 18, 8.48 a. m.]

665. To obtain quantities of rubles needed as explained in Embassy's 628, December 3, 6 p. m., British Consulate began on the 12th

<sup>1</sup> John Sookine, formerly secretary attached to the Russian Embassy at Washington, was at this period connected with the Kolchak government at Omsk

to exchange United States gold [certificates good?] for future deliveries of new rubles against present delivery of old rubles at the rate of 40 for 48. No great amounts forthcoming as yet. Treasury notes described in Embassy's telegram 631, December 3, 8 p. m., are not being accepted.

Three million five hundred thousand of new rubles have been sent to Murmansk for disbursement there, a half million have been sold to the French Embassy, none have come into general circulation here as yet.

On the 16th the emission office loaned the provisional government of north Russia Rs. 2,000,000. Following are essential provisions of bond:

Provisional government hereby assures and lays upon any other government that may legally succeed it and be recognized by the Allies, following obligation: Loan by national emission office to the provisional government shall be extinguished by the temporary government during the course of five years through payments by state treasury to emission office either at one time or at various periods to the amount of either Rs. 2,000,000 in currency notes of northern Russia or pounds at the rate of one pound for forty rubles. Interest at 5 per cent to be paid to the national emission office at six months' intervals in currency notes or pounds.

No specific security given.

POOLE

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File No. 861 51/379

*The Acting Secretary of State to the Consul at Vladivostok  
(Caldwell)*

[Telegram]

WASHINGTON, December 23, 1918, 1 p. m.

Your 221, October 23, 8 p. m.<sup>1</sup> War Department willing to assume expense of printing such notes as may be required for use of American military expeditionary forces in Siberia. Please inform General Graves<sup>2</sup> and Heid<sup>3</sup> and report what further action, if any, required on part of this Department. No objection to attending conferences informally.

POLK

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<sup>1</sup> *Ante*, p. 78.

<sup>2</sup> Maj. Gen. William S. Graves, commanding the American forces in Siberia.

<sup>3</sup> August Heid, representative at Vladivostok of the War Trade Board.

File No 861 51/437

*The Ambassador in Great Britain (Davis) to the Secretary of State*  
 [Telegram]

LONDON, December 24, 1918.

[Received 6.17 p. m.]

4877. [For] War Trade Board from Sheldon:<sup>1</sup>

2180. Your 1787, Department's 3289, undated.<sup>2</sup> The British Treasury wish to leave the provision of currency in Siberia to the United States Government but would deprecate the introduction of rubles redeemable at 50 cents into northern Russia where they consider that currency requirements will be fully met by the issue by the office of conversion of notes redeemable at the rate of 40 rubles to the pound sterling. The meaning of the words "but it is expected" that the trade notes will be acceptable in payment for purchases of goods imported from the United States is not quite clear to the British Treasury as they gather from the context of the telegram that it is definitely intended that these notes should be accepted. The British Treasury would also like to know whether they may assume that the notes will be available for the purchase of British and other Allied goods in the same way as are the notes issued by the office of conversion at Archangel. The Treasury would be grateful if they could be kept informed of the progress of this scheme. They state that the arrangements which they have made in Archangel through the office of conversion are working satisfactorily.

DAVIS

File No 861 51/438

*The Acting Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, December 27, 1918, 7 p. m.

Harris<sup>3</sup> telegraphs from Omsk that authorities there do not understand situation regarding Russian bank notes shipped on transport *Sheridan*. The facts which are as follows, you will please transmit at once to him:

Your 256<sup>4</sup> to Department undated received via Peking. Provisional Government of Russia placed a large order in 1917 for Russian ruble notes with the American Bank Note Co. to be issued in the name of the Russian State Bank. The order was to be paid for from American credits advanced to the Provisional Government of Russia. Re-

<sup>1</sup> L. P. Sheldon, representative in London of the War Trade Board.<sup>2</sup> See footnote 1, *ante*, p. 93.<sup>3</sup> Ernest L. Harris, Consul General at Irkutsk.<sup>4</sup> Not printed.

cently the Russian Embassy at Washington informed the Department that the ruble notes were now ready for shipment and asked if they might not be sent to Vladivostok and held there rather than in the United States so as to be more readily available to be put in circulation when circumstances should warrant. The Department consented to secure the shipment of these ruble notes and six hundred cases were arranged to go forward in the transport *Sheridan*, consigned to August Heid, representative of the War Trade Board, to be held by him in escrow until instructions to release them should be given him. It appears in the meanwhile, that the Russian Embassy here advised the authorities at Omsk that this Government had consented to the delivery of these ruble notes. No such action had been taken or could be taken by this Government as it has not yet recognized that the Omsk authorities have any legal power to undertake obligations for the Russian State Bank. Moreover the United States could not be a party to any arrangement which would assist the circulation of money which had no legal or actual basis of issue. Furthermore, the United States would not take part in any measure to increase or otherwise affect the currency in Siberia without a conference with the Associated Governments as well as with Russian authorities. When it was learned that the Embassy here had conveyed to the Omsk authorities a complete misunderstanding of conditions, the Department telegraphed Mr. Heid not to allow the ruble notes to be moved from the transport. The Department understands that the transport accordingly has left Vladivostok with the rubles which will be held by American authorities until their final disposition has been arranged.

The Department now desires a full report from Mr. Heid as to what measures have been taken to comply with these instructions.

POLK

File No. 861 51/461

*Memorandum of Mr. Miles of the Division of Near Eastern Affairs of the Department of State*

December 28, 1918.

Mr. Ughet<sup>1</sup> called on me last week and I asked him if my impression was correct that he thought the bank notes shipped in the transport *Sheridan* on November 25 to Mr. Heid at Vladivostok, were to be delivered to the Russian authorities to be put in circulation. He said, "Yes." I told him my impression was very different. I told him we had a distinct understanding with Mr. Bakhmeteff, that while we agreed to ship these ruble notes it was only on condition that they should be held by some American authority until such time as we thought they could properly be released; that we had no conception that they should be put into circulation until some governmental authorities were recognized in Russia who could be responsible for such a currency.

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<sup>1</sup> Serge Ughet, Russian Financial Attaché at Washington.

Mr. Ughet expressed considerable anxiety and the greatest astonishment. He declared quite frankly that the Omsk government had been bombarding the Embassy with telegrams to furnish them funds, and that finally he had prepared telegrams which were sent over the Ambassador's signature stating that this shipment of rubles had been prepared and was on its way; that from that time he had no more pleas for money. He said that Mr. Bakhmeteff had never told him of any such arrangement I described, and that he merely understood the ruble notes were to be shipped to Mr. Heid, the War Trade Board representative, to be delivered shortly to the appropriate Russian authorities. He reiterated that he had no understanding whatever of the scope of the agreement under which the ruble notes were shipped or definite understanding that they were to be held in escrow for the Embassy until we saw fit to release them for circulation.

Mr. Ughet called on me again to-day and I told him we were telegraphing the facts to Mr. Bakhmeteff and suggesting that he would like to discuss the matter with the Allied representatives at Paris. I also asked if he objected to the shipment of ruble notes being delivered to the Governor General of the Philippine Islands, to be held in his custody as a temporary measure until some further decision was reached. He said that as long as the rubles had not been landed at Vladivostok, he believed that was the next best alternative and would entail the least expenditure.

BASIL MILES

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File No. 861.51/443

*The Chargé in Russia (Poole) to the Secretary of State*

[Telegram]

ARCHANGEL, December 30, 1918, 4 p. m.

[Received December 31, 9.50 a. m.]

704. In the British financial scheme, as the Department is aware, 40 new rubles are the fixed equivalent of one pound; the same quantity of the new rubles are declared for the present to be worth 48 old rubles. The official sterling rate of the Archangel branch of the Russian State Bank is 45. The provisional government contends that 40:45 and not 40:48 should therefore be the exchange rate between the old and the new ruble. The British reply that 45 is unreal as a selling rate since the bank rarely, if ever, has sterling exchange for sale. This is correct, the rate having been established apparently with a view to the advantageous purchase of foreign exchange. The group of local merchants and bankers who direct the economic policy of the provisional government are aware of this and profit by it. For

other Russians, accustomed as they are to having everything adjusted by governmental fiat, it is sufficient that this is the official rate. It results that the British are incurring odium for what seems an attempt to devalue the ruble although, owing to the amounts of unsecured currency put out by the Bolsheviks, the real worth of the ruble is probably much less than the British rate makes it out to be.

It may be also as a result in part of this 45 rate that British have been so far unsuccessful in selling new rubles for old at 40 [to 48], as per my 665 of December 17, 6 p. m., that they now find it necessary to offer kopeks for sale against new rubles only, in order to give these an adventitious desirability. As an additional stimulant, they are causing articles to be published in the local press which compare the old issues unfavorably with the new. This adds of course to the resentment of holders of the old.

Both the above situations may be accounted for in part by mental confusion arising from the issuance under the name of ruble of a monetary unit which in reality is not a ruble but the fortieth part of a pound. Had it been called what it really is—a sixpence or almost anything except ruble—it would probably have been easier for the Russians to understand that it is not worth a ruble but one ruble and twenty kopeks—a view which is supported by the fact that a pound (sterling) note can usually be sold in the streets of Archangel for seventy rubles or more. Having studied the Siberian currency project (War Trade Board's No. 20 to Cole<sup>1</sup>) in the light of the foregoing, Cole and I venture to suggest that it might be advantageous to call the new Siberian token "American trade dollar" or "Siberian" or almost anything except ruble. The difficulties developed at Archangel seem the more threatening in Siberia since the value difference between the proposed Siberian unit and the ruble is so much greater than the difference between the issues here. It will be difficult to convince ignorant peasants that one ruble is worth more than another, especially when the difference is five per [sic] or more; and in endeavoring so to convince them we may—to judge from British experience—quite innocently bring upon ourselves blame for the further depreciation of the old ruble, which is certain to come about sooner or later through the operation of forces beyond our control.

Cole adds the following observation which seems well grounded:

Unless American merchandise makes its appearance simultaneously and at the same places and in sufficient quantities to be worth a value commensurate with that of the trade notes put out by Czecho-Slovaks and American Army, the notes must either circulate as currency among Russians in local transactions or else compulsory hoarding

<sup>1</sup> *Ante*, p. 93.

will result. In the latter case, there may be a speculative traffic in the notes on the part of middlemen buying the notes at a substantial discount to resell to banks, etc., which need them to buy American products.

Please communicate to War Trade Board. Not sent to Paris.

Poole

File No 861 51/437

*The Acting Secretary of State to the Ambassador in Great Britain  
(Davis)*

[Telegram]

WASHINGTON, December 31, 1918, 5 p. m.

3741. [From War Trade Board] for Sheldon:<sup>1</sup>

1961. Referring Embassy's 4877, December 24; your 2180. Copy of our recommendations to Paris<sup>2</sup> has been forwarded to you and pending action by that conference nothing further will be done with currency matter.

POLK

File No 861.51/445

*The Consul at Vladivostok (Caldwell) to the Secretary of State*  
[Telegram]

VLADIVOSTOK, December 31, 1918, 8 p. m.

[Received January 2, 1919, 12.52 p. m.]

385. [For] War Trade Board, 71:

Referring your unnumbered December 29, 3 p. m.<sup>3</sup> Russian bank notes were not removed from transport *Sheridan*. Transport sailed to-day for Manila. News of the expected arrival of bank notes had been widely spread over Siberia and refusal to permit delivery of same to Russian authorities has created very unfavorable impression toward American work.

CALDWELL

File No 861 51/467

*The Acting Secretary of State to the Acting Chairman of the War Trade Board (Woolley)*

WASHINGTON, January 8, 1919.

SIR: Referring to a communication from the War Trade Board, 634, dated January 2, 1919, regarding shipment of Russian bank notes,<sup>3</sup> I beg to inform you that the 800 cases of bank notes which

<sup>1</sup> L. P. Sheldon, representative in London of the War Trade Board.

<sup>2</sup> Post, p. 170.

<sup>3</sup> Not printed.

cleared from New York, December 21, 1918, in the steamer *Tatsuno Maru* and which were due to arrive at San Francisco January 9, should be removed from the vessel at that port and held pending further instructions.

I am endeavoring to ascertain whether it will be necessary to return these notes to the American Bank Note Co., or to have them safeguarded in the United States Subtreasury at San Francisco. I will advise you as soon as practicable of the decision reached.

I also wish to request that the license for 280 additional cases of bank notes which it is understood are shortly to be shipped from this country, be canceled and the Russian Embassy duly notified.

I am [etc.]

FRANK L. POLK

## CHAPTER III

### COMMERCIAL RELATIONS AND RELIEF

Restriction of Exports to Russia after the Revolution of November 1917—  
Limited Shipments of Nonmilitary Goods Permitted—Projects for Buying up Supplies in Russia to Prevent Their Acquisition by Germany; Organization of the "Goods Exchange" (Tovaro-Obmien)—Measures for Relief in Archangel and Manchuria

File No 861.48/416

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, November 24, 1917.

[Received November 26, 3.04 p. m.]

2022. At various times since March last the chief supply committee of northern railways has bought in America 42,000 pairs boots from Taylor and 117,500 pairs from Endicott-Johnson through V. D. Zimdin, latter's agent here. Supply committee visited me and after relating necessities and sufferings of their wives and children said had paid Rs. 11,000,000 into Credit Chancellery besides large earnest money to Zimdin and had secured tonnage for purchases, every transaction being approved by Michelsen committee.<sup>1</sup> I confirmed this story through Sahmen, director, Credit Chancellery, who says shipment delayed by our purchasing committee who prohibit exportation of supplies purchased otherwise than through it. While think such policy exceedingly wise, I recommend this case be made an exception. I am still looking after transportation interests here and it would greatly assist if could secure this shipment as boots are greatly needed. Moral effect of my assistance would be inestimably appreciated. Have seen cables from Endicott representative, Chicago, saying Continental Commercial Bank can not make payment to Endicott because Government prohibits transfer of credit in National City. Understand these payments aggregating \$240,000 are to be debited to advances made Russia, the Department of Finance having received its equivalent in rubles here from these rail-

<sup>1</sup> The Inter-Allied Priority Board, or Michelsen commission (chairman, the Russian General Michelsen), controlled questions of preference in shipments of materials required by Russia.

road workers. Supply committee can ascertain prices charged and if excessive might order reduction but if this impossible necessity is so pressing that I strongly advise permitting shipment to clear at earliest possible date. Zimdin is also agent for Robert Dollar Co. who probably furnishing tonnage. Shoes more needed than munitions now. Please answer.

FRANCIS

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File No 861 48/417

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, November 26, 1917.

[Received November 28, 1.03 a. m.]

2039. Referring to my 2022 of November 24, concerning shoes for Railway Union wives and children have addressed following to supply committee:

Being deeply impressed by your statement that the members of the Railway Union and their families are greatly in need of shoes for the coming winter, I immediately began to investigate the facts set forth in your note and am pleased to inform you that I have satisfied myself that your statement is substantially correct. Consequently this is to inform you that I immediately filed a cable to my Government strongly urging that the shoes contracted for in the United States by your supply committee be shipped at once. It is my sincere hope that my recommendation will be promptly complied with and I have every reason to believe that such will be the case. Your assurance to me that tonnage has been secured for these shoes justifies my belief and is very gratifying to my desire that the necessities of those whom you so energetically represent will be soon relieved.

This letter sent broadcast throughout Russia to-day and will not only have good effect on public sentiment but will assist materially in my efforts to relieve Moscow [sic] from, and remedy, suffering of food scarcity. Please cable that request granted.

Reported that wireless received at military headquarters stating you have stopped all shipments to Russia until stable government established. Have no information that such order has been issued but if has think should be limited to munitions as continued shipment of shoes and clothing will have widespread effect and be helpful in many other ways.

FRANCIS

File No. 811 142/2713

*The Ambassador in Great Britain (Page) to the Secretary of State*  
[Telegram]

LONDON, November 26, 1917, 6 p. m.

[Received November 27, 6.10 a. m.]

7815. For Davison,<sup>1</sup> American Red Cross [from Endicott<sup>2</sup>] :

1060. Blockade Department inform us practical embargo on all shipments Britain to Russia. British Red Cross confirm this, stating impossible ship opium which was to have left this week it being impossible to ship earlier. Have consequently canceled purchases and shall not draw.

PAGE

File No. 811 142/2713

*The Secretary of State to the Ambassador in Great Britain (Page)*  
[Telegram]

WASHINGTON, November 30, 1917, 4 p. m.

5932. Your 7815, November 26, 6 p. m. Please investigate and report by telegraph as to foundation for statement concerning embargo on shipments to Russia.

War Trade Board passed a resolution on November 19, as follows: "For the time being and until further action by the Board to withhold all licenses for exportation of controlled commodities to Russia including licenses for transpacific shipments." This resolution has not been made public and because a few shipments have been allowed to proceed to outlying Russian territory, publicity has been given to the statement by War Trade Board that shipments to Russia are not being held up.

LANSING

File No. 861.48/421

*The Ambassador in France (Sharp) to the Secretary of State*  
[Telegram]

PARIS, December 5, 1917, 10 a. m.

[Received December 6, 1.30 a. m.]

2852. [From House] :

The representatives of Great Britain, of Italy, of China, of France, in session at Paris, December 3, 1917, with the representatives of the United States and Japan decide after examination of the actual

<sup>1</sup>Henry P. Davison, chairman of the War Council of the American Red Cross.

<sup>2</sup>Lieut. Col. William Endicott, in charge of the American Red Cross Commission to Great Britain.

situation in Russia that the representatives of the two last powers should without delay ask their Governments for instructions with a view to assuring the provisioning of Russia by the Trans-Siberian Railway and by at once anticipating the measures necessary to enable these provisions to reach their destination even in case of disorders.

Not to be given to the press.

SHARP

File No. 861.48/417

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, December 5, 1917, 3 p. m.

1884. Your 2022, November 24, and 2039, November 26. Department approves recommendations and will endeavor secure delivery boots for supply committee northern railways. Will advise further.

LANSING

File No. 861 00/788

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, December 15, 1917, 6 p. m.

Your December 11, 6 p. m.,<sup>1</sup> last sentence garbled, presume refers reported embargo. No such embargo on shipments from United States exists or has existed.

LANSING

File No. 811 142/2778

*The Ambassador in Great Britain (Page) to the Secretary of State*

[Telegram]

LONDON, December 22, 1917, 7 p. m.

[Received December 23, 12.08 a. m.]

8055. Your 5932, November 30, 4 p. m. My 7815, November 26, 6 p. m. Foreign Office has just advised that while no formal or public embargo has been placed on such shipments the export of warlike stores and of other goods to Russia from all parts of the British Empire has been suspended with the exception of limited quantities of clothing already ordered and paid for. Those latter, on recommendation of British Ambassador at Petrograd, are not being interfered with provided they are carried in Russian ships.

We are further advised that forwarding to Russia of goods already in transit in Sweden was suspended some weeks ago but

<sup>1</sup> Vol. II, p. 6.

British Minister at Stockholm was given authority to permit forwarding to Finland for Finnish consumption in small installments of certain limited quantities of foodstuffs lying in Sweden for which Swedish Government had offered to grant transit licenses.

PAGE

File No. 811.142/2800

*The Ambassador in Russia (Francis) to the Secretary of State*  
 [Telegram]

PETROGRAD, December 27, 1917, 4 p. m.

[Received December 28, 11.31 p. m.]

2141. Following message signed "Robins"<sup>1</sup> for committee on Red Cross:

December 26. State Department's 1920, December 21.<sup>2</sup> Please urge upon the President the necessity of our continued intercourse with Bolshevik government. Otherwise impossible to arrange for transportation and distribution of supplies, particularly milk. Ambassador approves this statement and has advised State Department to the same effect. Alleged statement of Trotsky, quoted in your message, untrue. Statement made by me to Trotsky was from your cables regarding shipment of supplies.

Please note my approval as stated above.

FRANCIS

File No. 811.142/2800

*The Secretary of State to the Ambassador in Russia (Francis)*  
 [Telegram]

WASHINGTON, December 29, 1917, 7 p. m.

1948. Department's 1917, December 20, 1 p. m.,<sup>3</sup> and your 2141, December 27, 4 p. m. Instruct Robins Department desires to forward Red Cross measures for relief in Russia and is unwilling they should be interrupted because Robins in uniform. He is to understand explicitly that he acts for and represents Red Cross and not Embassy, Red Cross being an organization maintained by private subscription and not by United States Government. Robins may therefore continue measures to distribute supplies, specially as supplies continuing to come forward.

LANSING

<sup>1</sup> Lieut. Col. Raymond Robins, in charge of the American Red Cross Commission to Russia.

<sup>2</sup> Not printed; cf. Department's telegrams No. 1883, Dec. 6, and No. 1917, Dec. 20, and the Ambassador's telegram No. 2091, Dec. 11, vol. I, pp. 289, 319, and 301.

<sup>3</sup> Vol. I, p. 319.

File No. 661.119/59a

*The Acting Secretary of State to the Ambassador in Great Britain  
(Page)*

[Telegram]

WASHINGTON, January 24, 1918, 8 p. m.

6348. Department has had several conferences with Sir Richard Crawford of British Embassy in regard to shipments to Russia and the position of this Government has been made clear. For your information the Department feels for the present it is important that the impression should not be created in the minds of the Russian people that they have been abandoned by the Allies or the United States Government, and for that reason this Government has told the Russian representatives that all shipments of supplies being manufactured in this country other than munitions will be permitted to go forward. The question came up as to whether railway supplies were munitions and Department told Russian Ambassador that licenses would be granted for shipment of engines and rails. This information was conveyed to Crawford with the explanation that for the moment it would create a bad impression to formally cut off shipment of railway supplies to Russia, but as a practical matter, the amount of railway supplies that could be forwarded, owing to the limited amount of tonnage available for Russia, could not by any possibility be a military factor. Russians hope to ship 14 engines to Vladivostok. Permits have been granted for these, and this Government feels that no objection should be raised to the shipment of this material. If the situation changes it is always possible to stop further shipments and change policy. Supplies going forward are railway supplies, civilian and army shoes, leather, machinery not adaptable for munitions work, agricultural machinery, Red Cross supplies. One small ship now available will sail shortly from New York for Kola and two ships from Pacific coast.

POLK

File No. 861.24/30

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, February 2, 1918, midnight.

[Received February 6, 11.17 a. m.]

2324. British, French Military Missions received authorization to expend Rs. 10,000,000 each to purchase supplies which Germany would otherwise procure. Our Mission requested like amount. Military attaché says position embarrassing as British, French waiting on us. I recommend request be granted. Reports of Germany's

activity in buying here but unable to learn specific instances. French Military Mission requests our assistance to secure oils and fats which badly needed in Germany and of which says 5,000 tons at Vladivostok which Germany gradually acquiring. Am wiring American Consul there. Please answer. Hear Germany continues buying rubles which indicates Russian peace assured. Germany may so think but I do not.

FRANCIS

File No. 661.119/65

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*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, February 6, 1918, 1 p. m.

[Received February 6, 9.12 a. m.]

Commercial attaché requests the Department of Commerce to confirm rumor United States prohibited exports to Russia.

MORRIS

File No. 661.119/65

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*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, February 7, 1918, 4 p. m.

Your February 6, 1 p. m. No embargo. On the contrary Department has informed Russian authorities here that all supplies other than munitions will be permitted to go forward. Two ships on Pacific now loading with railway materials, another taking considerable supplies of shoes for railway employees. Shipments also being made via Kola, Murmansk. Department has advised British and French Governments of its position, namely, that we feel for the present it is important an impression should not be created in the minds of the Russian people that they are being abandoned by the Allies or the United States Government. Owing to limited amount of tonnage available for Russia we believe that even in case of railway materials the amount forwarded can not by any possibility be a military factor.

LANSING

File No. 861.24/30

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*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, February 14, 1918, 4 p. m.

2064. Your 2324, February 2, midnight. One million dollars put at disposal military attaché for acquisition supplies and he may so

inform his British and French colleagues. Report immediately how fund can be made available in Russia.

LANSING

File No S61 51/287

*The Secretary of State to the Assistant Secretary of the Treasury  
(Leffingwell)*

WASHINGTON, February 25, 1918.

MY DEAR MR. LEFFINGWELL: The Department has received your letter of February 21, with enclosures, asking whether the Russian Purchasing Commission in this country should be furnished with the facilities of the Allies Purchasing Commission.<sup>1</sup>

This Department believes that at the present time it would be extremely unfortunate for the Russian people to receive the impression that they are being abandoned by the Allies or by the United States. Consequently, the Department has been assisting the Russian authorities in this country in forwarding nonwarlike stores, including railway material, agricultural machinery, binder twine, army and civilian shoes and leather, together with miscellaneous Red Cross supplies. We have been of the opinion that the limited tonnage available to Russia makes it impracticable to deliver supplies in large enough quantity—even in the case of railway material—to become by any possibility a military factor.

The Department accordingly believes that the Russian Commission might still have the advantage of the facilities afforded by the Allies Purchasing Commission. In view of the present German advance, however, the Department would be glad to have brought to its attention all shipments which may be made, as it has obviously become necessary to take additional precautionary measures to safeguard the supplies from falling into German hands. This is especially true in regard to shipments destined for Petrograd or Moscow.

I am [etc.]

ROBERT LANSING

File No 661 119Vessels/23

*The Commercial Adviser of the British Embassy (Crawford) to the  
Counselor for the Department of State (Polk)*

WASHINGTON, February 25, 1918.

[Received February 26.]

MY DEAR MR. COUNSELLOR: In connection with the question of the cargoes of the *Dora* and the *Nassovia*, we have received instructions from London to urge upon you the great desirability of endeavouring

<sup>1</sup> Not printed.

to secure from the Russian authorities some *quid pro quo* in consideration of the grant of facilities for these cargoes, and other similar shipments, being sent to Russia.<sup>1</sup>

We understand that the position of the American authorities is that it is important not to create the impression that the Russian people are to be abandoned by the Allies, and that supplies of non-military character should be allowed to go forward, so that no avoidable suffering should be caused in Russia through the action of the United States or of the Allied Governments.

The British Government are fully in accord with the view that the Russian people should not unnecessarily be made to suffer through the cessation of supplies, but at the same time it seems clear that, whatever attitude may be adopted in regard to shipments of foodstuffs, etc., to allow the shipment of agricultural implements and railway material must inevitably make it easier for the enemy to obtain supplies from Russia, with the effect of prolonging the war. In the same way it is very desirable to avoid any action which would be likely to relieve the shortage of drugs in Germany, of which there is clear evidence.

On the general question of exports to Russia it would seem absolutely necessary, in view of the political situation, to treat such exports with as much caution as in the case of neutral countries contiguous to Germany. It is even probable, in view of the apparent German ascendancy in Petrograd and of the inability of the Russian authorities to give convincing guarantees, that greater caution is necessary in dealing with exports to Russia than with exports to the other countries in question.

As regards the supplies shipped by the *Dora* and *Nassovia* the British Government cannot but think that it is, in the circumstances, only reasonable that some return should be made by the Petrograd or local governments if these supplies are allowed to proceed. The authorities at Archangel have hitherto absolutely refused to allow the removal of the warlike stores now at that port. These stores, as you are probably aware, now amount to some 200,000 tons and include among other things explosives, copper, tungsten, flax, etc. They are now quite useless to Russia, but would be of the greatest value to Germany, and may shortly be in danger of falling into German hands. They would also be of great value to England, and the British authorities are most anxious to secure their withdrawal, to which as already stated, the local authorities have so far declined to agree. It would seem to be very desirable, and also quite in accordance with the intentions of the United States Government as regards

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<sup>1</sup> Correspondence relating to these cargoes not printed.

avoiding injury to the Russian public, that the release of these stores should be obtained in return for the receipt in Russia of the *Dora* and *Nassovia* cargoes, and I should be much obliged if you could inform me whether the United States Government is willing to agree, in principle, to the use of these cargoes for the purposes of barter against the stores at Archangel.

In communicating this suggestion I should add that His Majesty's Government consider it essential that it should be kept absolutely confidential, as, if the proposal should become known, it is very probable that the stores might be either seized by the Bolsheviks or destroyed by German agents.

Believe me [etc.]

RICHARD CRAWFORD

File No. 661.119/115

*Mr. Miles of the Division of Near Eastern Affairs, of the Department of State, to the Director of the Bureau of Exports, War Trade Board (Van Sinderen)*

WASHINGTON, March 8, 1918.

MY DEAR MR. VAN SINDEREN: I have your letter of March 6, regarding cargo on the steamer *Nippon* to be reexported apparently from Shanghai to Vladivostok.<sup>1</sup>

I understand the Department approves of no licenses for export by private firms unless the destination is proved in advance to be one which will safeguard the shipment from falling into German hands or serving German purposes. Furthermore, it has been decided to hold in abeyance all licenses for Russia for the present and until the situation clears up a little.

I would be interested in knowing to whom these supplies are to be reexported.

Yours very sincerely,

BASIL MILES

File No. 861.24/50

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, March 23, 1918, 3 p. m.

[Received March 26, 8.25 a. m.]

29. Wired Cole<sup>2</sup> come here for conference. He reports 195,000 tons supplies at Archangel of which 50,000 privately owned, remainder English, American. Government endeavoring forward

<sup>1</sup> Not printed.

<sup>2</sup> Felix Cole, Consul at Archangel.

same to interior but Consul notified Evacuation Commission from Petrograd all such supplies considered property of Allies because Government Council had repudiated loans. Did we join in such statement?

Cole recommended in January that the two shiploads provisions be sent him Archangel for sale to relieve impending scarcity but I did not transmit same because awaiting separate peace negotiations; appears British Consul made like recommendation which his Government ignored until several days ago when unexpectedly received cable signed "Balfour" advising that the two vessels ready to load with foodstuffs for Archangel which after specifying total of 6,200 tons and naming vessels *Nascopie* and *Egba* stated British Government expected vessels to return with specified metals, flax, ply wool, etc., from [garbled group] military discharging area without giving disposing directions for food or specifying how to procure metals which claimed by Russian Evacuation Commission who in control. British and American Consuls thought this being predicted [projected?] and former so cabled London. Probably British Government thought consenting to Japanese invasion justified British and [landing?] Archangel which she has virtually dominated since I came Russia.

Cole requests that two shiploads provisions be sent Archangel for sale or exchange for Russian products and I recommend granting thereof because will relieve hunger and be good propaganda; furthermore Embassy, Consulates, and other Americans in Russia may possibly be compelled to go Archangel. Cole has good judgment and knows Archangel conditions. Answer this, routed Vladivostok. Please cable its receipt.

FRANCIS

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File No. 861 24/30

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, March 26, 1918, 5 p. m.

26. What action taken regarding the Department's 2064, February 14, 4 p. m., concerning funds for military mission?

LANSING

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File No. 861 24/54b

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, March 27, 1918, 6 p. m.

28. Referring previous telegrams concerning shipments of shoes. Representatives of railway unions at Dairen, South Manchuria, in-

sist money for shoes deposited with Credit Chancellery was remitted to America, which, as you know, is contrary to fact. Can you reassure representatives of railway unions with whom you may be in touch and state that every effort is being made by Russian Embassy here to arrange for payment in spite of nonreceipt of funds from Credit Chancellery.

LANSING

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File No 861 24/54a

*The Secretary of State to the Consul General at Moscow (Summers)*

[Telegram]

WASHINGTON, March 27, 1918, 7 p. m.

Russian authorities here have 1,000,000 pairs shoes originally ordered for army which they are willing to ship to Moscow Supply Committee for distribution in provinces of central and south Russia.

Member of cabinet of Provincial [Provisional?] Government informs Department that Moscow Supply Committee while in close touch with the Ministry of Supply is nevertheless a voluntary organization and that he has confidence in Chairman Runov. Department understands Supply Committee will move to Tomsk and continue operations from there if Moscow is threatened.

Please confer with Runov and committee and report fully whether practical plan can be devised, with your cooperation, to assure delivery of shoes to members of Cooperative Societies in exchange for grain for cities in Moscow supply district.

Please give matters careful consideration, having in view future, as well as present conditions. Do not let matter become public or commit Department.

LANSING

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File No 861.24/50

*The Secretary of State to the Ambassador in Russia (Francis)<sup>1</sup>*

[Telegram]

WASHINGTON, March 27, 1918, 7 p. m.

29. Your 29, March 23, via Vladivostok received 26th. No tonnage available for food shipments to Archangel. United States did not join in statement regarding supplies accumulated Archangel. British have controlled Archangel since early days of war under convention similar to that affecting Boulogne and Havre in France.

LANSING

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<sup>1</sup> Sent via the Consulate at Vladivostok.

File No. 861 24/54

*The Ambassador in Russia (Francis) to the Secretary of State*  
 [Telegram]

VOLOGDA, March 28, 1918, 10 p. m.

[Received March 29, 8.15 p. m.]

44. Your 26, March 26, 5 p. m. American, British, French Military Missions appointed respectively Stevens, Marshall, Darcy, their nationals for such purchase.<sup>1</sup> Nothing done beyond securing options. No drafts drawn as thought best to leave our share in United States gold dollars for the present. Military attaché says committee asking all contributions be trebled and England assented while France concurs without (comment?). If Germans capture Moscow will require large sum to prevent great quantities supplies there falling into enemy hands.

FRANCIS

File No. 861 00/1401

*The Ambassador in Russia (Francis) to the Secretary of State*  
 [Telegram—Extract<sup>2</sup>]

VOLOGDA, March 29, 1918, 9 p. m.

[Received March 30, 7.50 p. m.]

Moscow press prints to-day: "American Consul informed Supreme Economic Council that American Government agrees to resume commercial and industrial relations with Russia, regardless of repudiation of debts." Suppose Department authorized such statement, if made. . . .

FRANCIS

File No. 861 61321/7

*The Consul General at Moscow (Summers) to the Secretary of State*  
 [Telegram]

Moscow, March 30, 1918, 12 noon.

[Received March 31, 8.53 p. m.]

297. Harris, former Consul General at Stockholm,<sup>3</sup> reports from Tashkent that one-half cotton crop Turkestan is being shipped to

<sup>1</sup> The "Goods Exchange" (Tovaro-Obmien) was organized in Russia in January 1918 "for the purpose of withholding munitions and goods of all kinds from the Germans who were at that time invading Russia." The heads of the firm were R. R. Stevens, American member; Arthur G. Marshall, British member; and Pierre Darcy, French member (see report of Consul Frank C. Lee, File No. 811.20261 T/19).

<sup>2</sup> Printed in full in vol. I, p. 488.

<sup>3</sup> Ernest L. Harris, after his retirement from the Consular Service in August 1916, was agent for a bank in Russia; in May 1918 he was reappointed and detailed as Consul General at Irkutsk.

Moscow ultimately destined Germany. Requests cable Department and Vanderlip<sup>1</sup> that 200,000 tons cotton actually on cars. He urges Allies immediately purchase same and prevent it falling enemy's hands. If Department is willing in principle to authorize Consulate General, also Stevens, National City Bank, purchase this cotton and retain same in Tashkent until it can be sold to Russian mills at later date, we will begin work at once. Useless to do this work through Allied Military Missions and [as] they do not have time or facilities acting promptly. Estimated needs immediate use \$10,000,000. Can negotiate drafts here favorably if authorized. Embassy advised. Please cable reply.

SUMMERS

File No. 861.61321/8

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, March 31, 1918, 8 p. m.

[Received April 1, 8.18 p. m.]

50. I have received Consul General's March 30, noon, cable to you and endorse Harris appointment as Consul General, Siberia, reporting Summers and myself. I approve Consul General's request to purchase cotton, provided arrangements made for transporting same from Moscow to safety in event Moscow captured. Harris is Stevens's representative on commission mentioned in my No. 44. Consul General coming to Vologda on 5th for a conference.

FRANCIS

File No. 360d.1121 R25/18

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 2, 1918.

41. Your unnumbered March 29, 9 p. m. Ask Summers source of statement Moscow press. Not authorized by Department.

LANSING

File No. 861.61321/7

*The Secretary of State to the Consul General at Moscow (Summers)*

[Telegram]

WASHINGTON, April 4, 1918, 8 p. m.

Your 297, March 30. Can you obtain further details, especially total amount crop and points of shipment in Turkestan?

LANSING

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<sup>1</sup> Frank A. Vanderlip, President of the National City Bank, New York.

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, April 5, 1918, 6 p. m.

[Received April 9, 9.45 a. m.]

74. Answering your 41. Summers, who arrives Vologda to-morrow, also asks authorship of statement. Cole makes like inquiry. Think based on negotiation concerning locomotives in Japanese waters between Russian Department of Commerce and committee, including Tredwell<sup>1</sup> and Emery,<sup>2</sup> which Tredwell reported to Department. Never knew of this conference, but learned after it was held that it was called by Russian Economic Commission to negotiate purchases of 12 shiploads of locomotives and railroad equipment in Japanese waters. I cabled Department asking about matter but received no reply. Please cable what shipments made on first order for 500 locomotives and 10,000 freight cars, and present location of such shipments. Does Department object to Consul's facilitating and Embassy's encouraging interchange of commodities between American and Russian merchants if tonnage provided by latter? I think such commerce highly desirable when safeguarded from the enemy.

FRANCIS

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 10, 1918, 1 p. m.

56. Your 74, April 5, 6 p. m. Have recently cabled Summers whether boots could be shipped safely for distribution under his supervision by Moscow Central Supply Committee which has agreement with peasants in adjacent provinces to exchange grain for shoes.

Department desires to know how shipments of boots and agricultural supplies can be safeguarded in Russia from falling into enemy hands or serving enemy purposes. Would be glad to have clear and specific statement. All licenses for shipment being held in abeyance pending reports from Summers and yourself.

LANSING

<sup>1</sup> Roger C. Tredwell, Consul at Petrograd (Vologda).

<sup>2</sup> Henry C. Emery, American member of the Michelsen commission (chairman, the Russian General Michelsen), which controlled questions of preference in shipment of materials required by Russia

File No. 861.00/1599

*The Ambassador in Russia (Francis) to the Secretary of State*  
 [Telegram]

VOLOGDA, April 10, 1918, 10 p. m.

[Received April 15, 5.35 a. m.]

87. For the Secretary:

Robins<sup>1</sup> wires received following cable from Thompson:<sup>2</sup> "Believe all relief you may ask for will be furnished Russian Government." Does this mean Red Cross supplies for Russian people, between whom and government Thompson unable to distinguish, or does it mean that our Government willing to aid Soviet government? If latter, I respectfully, but positively, cannot endorse.

FRANCIS

File No. 861.61323/-

*The Consul General at Moscow (Summers) to the Secretary of State*  
 [Telegram]

Moscow, April 11, 1918, 4 p. m.

[Received April 16, 11.50 p. m.]

338. Four Russian flax-spinning companies offer 1,524 short tons flax yarns, wet-spun linen warps, wet-spun tow warps, dry-spun weft, partial assorted numbers, 12½ million rubles, f. o. b., Vologda. These goods are now in war zone and may fall into hands enemy if not purchased at once and removed interior. Advance Germans [makes] action necessary. Suggest that amount be cabled, and that Consulate General be given authority to make purchases acting on advice prominent flax merchants who will decide on fair prices. Arrangements can then be made to send the first Archangel for shipment United States. Please answer at once in order that I may arrange immediate transfer to places out of reach enemy. Military Mission warmly approves. French Consul General doing positive and efficient work along these lines.

SUMMERS

File No. 861 24/60

*The Ambassador in Russia (Francis) to the Secretary of State*  
 [Telegram]

VOLOGDA, April 12, 1918, 1 a. m.

[Received April 16, 10.22 a. m.]

89. Daily reports that Germans rapidly making purchases, and that German purchasing commission will arrive within a few days.

<sup>1</sup> Lieut. Col. Raymond Robins, then in charge of the American Red Cross Commission to Russia.

<sup>2</sup> Lieut. Col. William B. Thompson, in charge in 1917 of the American Red Cross Commission to Russia.

Military attaché joins me in recommending that purchase of such supplies be assigned to Consul General at Moscow as civilian committee making little headway. Such purchases should be made without delay and assembled at Archangel. Consul General is familiar with matter and can engage competent men therefor. I shall cooperate with him if you desire. See my Nos. 50 and 44.

FRANCIS

File No. 861 00/1616

*The Consul General at Moscow (Summers) to the Secretary of State*

[Telegram]

Moscow, April 16, 1918, 1 p. m.

[Received April 18, 7 p. m.]

359. Your March 27, 7 p. m., and previous telegrams relating shoes. Runov states Fabian already contracted for 1,000,000 pair shoes with Endicott [Johnson, through?] Sherman, and will possibly order 4,000,000 more at price between 45 and 50 rubles delivered Moscow. . . . Moscow Supply Committee supported by cooperative subordinates in surrounding governments which place orders through it. They say they can get shoes mentioned in your March 27, 7 p. m., to members Cooperative Society and will give guaranties that same will not fall into enemy's hands. In case shipment is made I have to suggest that removal from port be conditioned on future developments as situation very uncertain, also suggest that Consulate General shall be consulted before distribution made.

The situation in Siberia and in central Russia should be watched carefully before landing cargo.

SUMMERS

File No. 861.00/1599

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 16, 1918, 6 p. m.

71. Your 87, April 10, 10 p. m., somewhat garbled, but statement wholly unauthorized by this Government. Thompson does not speak for this Government or represent it in any way whatsoever. Department has no knowledge whatever of this matter.

LANSING

File No. 861.00/1457

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 19, 1918, 6 p. m.

75. Your 74, April 5, 6 p. m. Department approves Consul's facilitating and Embassy's encouraging export of commodities from Russia to America. Delivery of American commodities in exchange will depend on reports requested from you and Consul General as to how such American goods can be safeguarded from serving enemy purposes or falling into enemy hands.

LANSING

File No. 861.61323/2

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, April 20, 1918, 7 p. m.

[Received April 21, 12.17 p. m.]

114. Nothing from Huntington<sup>1</sup> since March 29. Cole came Vologda week ago, accompanying five representative members Russian-American committee Archangel who very desirous to foster commercial relations with America. They claim million poods flax also other merchandise including metals and ores at Archangel awaiting shipment and additional half million poods flax will arrive there during navigation season. I am encouraging assembling at Archangel of merchandise purchased or to be purchased for America in this section.

FRANCIS

File No. 861.00/1457

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 22, 1918, 6 p. m.

77. Your 74, April 5, 6 p. m. Facts as to 500 locomotives and 10,000 cars ordered from American credits as follows: 50 locomotives, Baldwin, at shops; and 50, American Locomotive Co., at Seattle ready for shipment when tonnage available. Two hundred of balance rebuilt for American railroads to be replaced when required for Russia. Remaining 200, option of Russian Government to complete during current year. Ten thousand cars, none shipped. No locomo-

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<sup>1</sup> William C. Huntington, Commercial Attaché, at that time in Siberia.

tives or cars will be shipped until certain that development of railways will benefit Russia, not Germany.

LANSING

File No. 861.00/1634

*The Ambassador in Japan (Morris) to the Secretary of State*  
[Telegram]

TOKYO, April 22, 1918, 6 p. m.

[Received 9.25 p. m.]

Referring to my cable of April 13, 2 a. m.,<sup>1</sup> and suggestion of Masaryk<sup>2</sup> to organize corporation for purchase and distribution of wheat in Russia. I have to-day conferred at length with Major Fitzwilliams of the British Army, who has been in Rumania, Ukraine, Moscow, and Siberia. He confirms Masaryk's [statements?] fully and is in accord with his conclusions except as to the necessity or advisability of immediate *de facto* recognition of Bolshevik government and possibility of organizing Russian Army. He particularly emphasizes need of Russian people for manufactured articles: shoes, household utensils, farming implements, textiles and clothes of all kinds. He strongly advocates Masaryk's plan of corporation financed by Allied Governments to purchase such articles and exchange them for wheat, which could be resold in famine districts, particularly large cities. Such plan (1) would prevent large quantities of hoarded wheat eventually falling into enemy's hands, (2) would form economic foundation for Allied propaganda, (3) would create better understanding with liberal movement in Russia without involving official recognition of Bolshevik government, (4) would offer a constructive alternative to military intervention.

I am reliably informed that Japanese manufacturers have adequate stocks of goods needed, particularly shoes and textiles. I believe Japanese Government would consider favorably close cooperation in such a plan. Goods could be bought here, shipped by way of Dairen to Harbin, and handled with the aid of Stevens's<sup>3</sup> contingent. Their transportation could be placed in the hands of Stevens, and, if understanding were reached informally [with] Bolshevik government, it would be possible to place Stevens's men on Trans-Siberian Baikal Railway and even further west.

This plan would involve approval of Bolshevik leaders, which might be obtained through efforts of Francis and the cooperation of the Japanese Government, which might see in it a solution of the

<sup>1</sup> Vol. II, p. 122.

<sup>2</sup> Thomas G. Masaryk, President of the Czecho-Slovak National Council

<sup>3</sup> John F. Stevens, chairman of the Advisory Commission of Railway Experts to Russia

COMMERCIAL RELATIONS AND RELIEF

intervention problem, and agreement between Allied Governments, thus joining them in a definite constructive policy. While such a plan appears visionary, it has the approval of those familiar with present needs and conditions in Russia. Major Fitzwilliams expects to leave here in a few days via Washington and will report to Reading.<sup>1</sup>

MORRIS

File No 861 61323/2

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 25, 1918, 6 p. m.

85. Your No. 114, April 20, 7 p. m.

Inform Moscow Consul, his No. 388, April 11, 4 p. m., received in which he recommends purchase f. o. b. Vologda of 1,524 tons flax, stating Military Mission warmly approves.

Referring Department's 2064, February 14, 4 p. m.<sup>2</sup> Military attaché has authority already to draw for \$1,000,000 for these purposes. He can use whatever agencies for purchase he finds available and buy whatever supplies, whose purchase will be detrimental to Central powers, he may deem wise.

LANSING

File No 861.61323/-

*The Secretary of State to the Consul General at Moscow (Summers)*

[Telegram]

WASHINGTON, April 25, 1918, 7 p. m.

Department has telegraphed Embassy Vologda recommending purchase flax referred to your 388, April 11, 4 p. m. Military attaché was granted authority in February to draw for \$1,000,000 for this or similar purposes.

Communicate with Embassy and cable Department result.

LANSING

File No 861.00/1616

*The Secretary of State to the Consul General at Moscow (Summers)*

[Telegram]

WASHINGTON, April 26, 1918, 4 p. m.

6. Your 359, April 16, 1 p. m., and Department's March 27, 7 p. m.<sup>3</sup> Please confer with Runov and Supply Committee and report

<sup>1</sup>The Earl of Reading, British Ambassador on Special Mission to the United States.

<sup>2</sup>Ante, p. 108.

<sup>3</sup>Ante, pp. 118 and 118.

fully whether practical plan can be devised with your cooperation to assure delivery of shoes to members of Cooperative Society. Department is very anxious to have your considered opinion as to possibility of arranging shipments of shoes and a few other commodities in such a way as to safeguard them from falling into enemy hands or serving enemy purposes. All export licenses for Russia are being held in abeyance, pending receipt of report from yourself and from Ambassador. Prompt detailed reply most important.

LANSING

File No. 861 24/69a

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 26, 1918, 6 p. m

87. Referring to your 89, April 12, 1 a. m., and 114, April 20, 7 p. m. Department desires you to obtain full information through Consul General and his assistants in Russia as follows:

1. Enumerate supplies available, which would be useful to the enemy.
2. State quantity, price, and location of such supplies.
3. What part of such supplies can be purchased?
4. What quantities can railways move to seaport, or at least beyond reach of enemy?
5. State what particular commodities among these supplies are especially desired by the enemy and at the same time may be purchased with reasonable assurance of their being moved out of Russia.

At present Department has no funds other than \$1,000,000 at disposal of military attaché. You should therefore include in your report a detailed statement of further amount needed and specific and practicable purposes for which it would be required.

Any shipments which may be made from this country in exchange for Russian commodities, should such means prove only method of obtaining some of these supplies, must be safeguarded from falling into enemy hands or serving enemy purposes. How can this be accomplished? Department is conferring on this subject with representatives of British and French Governments here with a view to cooperation.

Department desires preliminary reply at once.

LANSING

File No. 861.24/78

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, May 16, 1918, 7 p. m.

[Received May 24, 10.42 a. m.]

170. Serbian Minister returned from Vologda to Petrograd, advises through French Consul there that Petrograd likely to be captured any night from water side by Germans and Finns. Consequently I am urging all possible haste in evacuating supplies from Petrograd having sent Mason there yesterday. Evacuation supplies owned by government of equal importance with purchases by Allies, therefore I have authorized military attaché to use limited amount of million-dollar allotment for such purposes.

FRANCIS

File No. 861.00/1887

*The Ambassador in Russia (Francis) to the Secretary of State*[Telegram—Extract<sup>1</sup>]

VOLOGDA, May 20, 1918, 5 p. m.

[Received May 26, 10.42 p. m.]

185. . . . My policy would be materially assisted by raising of Chinese embargo against tea exportation into Russia, also by coming through of shoes *en route* Dairen and arrived there, also by increased allotment for the purchase of supplies, and I hope will be materially aided by coming Emerson<sup>2</sup> and his assistants. Meantime I trust that the Department will arrange tonnage for shipping American products to Archangel for discreet use in purchasing Russian supplies unavailable otherwise; shall safeguard such supplies to prevent acquisition by enemy and I am arranging for distribution thereof directly to consumers through Zemstvos and Cooperating Societies. I am with the assistance of military attaché organizing extensive purchasing commission as I feel confident that the Department in some of the twenty-four cables still missing has complied with my urgent recommendation for increased allotment of funds. . . .

FRANCIS

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<sup>1</sup> Printed in full in vol. I, p. 536; see also *ibid.*, p. 571.<sup>2</sup> Col. George Emerson, in charge of the Russian Railway Service Corps.

File No. 861.24/78

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, May 25, 1918, 4 p. m.

138. Your 170, May 16, 7 p. m. Department approves fully and has so advised War Department.

LANSING

File No. 861.00/1990

*The Secretary of Commerce (Redfield) to the Secretary of State*

WASHINGTON, June 8, 1918.

[Received June 10.]

MY DEAR MR. SECRETARY: Permit me to hand you herewith copy of letter I have to-day sent to the President in which I have brought before him the necessity for affirmative commercial action in Russia.

I am also sending you enclosed a photostat copy of a statement on the subject handed me by Baron Maydell.

Yours very truly,

WILLIAM C. REDFIELD

[Enclosure]

*The Secretary of Commerce (Redfield) to the President*

WASHINGTON, June 8, 1918

MY DEAR MR. PRESIDENT: Information which we have been gathering concerning Russia from many sources points unanimously to the opportunity and to the obligation to make our influence felt through commercial lines in helpfulness to the Russian people. Our facts come, not only from our own permanent and traveling men in Russia and Siberia and through the Department of State, but from personal contact with Russians, with Americans long residents of Russia, and with Americans who have for many years carried on business in Russia. Many of these men have been long personally known to me. The general opinion deprecates military action but urges commercial action.

Confidentially but indirectly we learn that some plan has been suggested to you through the Department of State. Of its details we are not informed. I write simply to say that we are ready to act and we believe we understand what the situation requires. A considerable sum would be required but I can put no estimate upon it without knowing to what extent plans of the kind may have matured in your own mind and that of the Secretary of State. Of course our desire is to cooperate in the fullest way with the Department of State should our cooperation be desired.

I write, however, lest amid the urgent pressure brought from what seem to me authoritative sources for commercial action, I should be deemed negligent if I failed to put the matter definitely before you.

Yours very truly,

[File copy not signed]

[Subenclosure]

*Baron Maydell to the Secretary of Commerce (Redfield)**May 1918.*

The only intervention which is advisable and possible to-day in Russia is a peaceful intervention starting a trading organization on a large basis on the Pacific Coast. That is the only part of Russia in which American trade is possible to-day after Germany has succeeded in creating on the whole west and north of European Russia half independent strategical states, which are more or less pro German.

The Russian peasant, who hates political patronage as much as he dislikes any kind of charity, is not a bad business man and needs urgently all kinds of goods which Germany is promising but not able to furnish. The Russian peasant of to-day has not only money but also raw material like wool, skins, etc., which he would be glad to exchange against all kinds of agricultural machinery, tools, boots, and clothing. These goods should be shipped immediately to the Pacific ports and could be stored in Nikolaev, Vladivostok, Dalny [Dairen], and Harbin. From Nikolaev goods could be easily shipped on the Amur River and exchanged in the wealthy agricultural district inhabited by Cossack peasants. From the other above-mentioned places, the goods would penetrate into eastern Siberia by rail. They could be sold through small local agents, who are already to-day selling such kinds of goods for enormous prices on account of the insufficient stocks obtainable there.

The exchange of goods could be done without any loss for American firms and under such favorable conditions as the population has not seen for a long period. That would be the first step for the best and soundest propaganda for America, proving that there is a nation who can furnish under acceptable conditions the goods so bitterly needed for the existence of the population without interfering in internal politics or brutal exploitation like Germany is doing in European Russia.

If this business would be properly started and carried out on a large basis, it is more than probable that in a short time further districts would come and ask for the same assistance, offering their goods in exchange.

If it would appear that the railroad system would be too disorganized for carrying out this problem, the population would naturally ask Americans for help and reorganization. The population feeling that this is the beginning of a sound and permanent relationship, would be interested itself in guaranteeing safety for the Americans and their goods. But, of course those firms who are starting this business would like to have the guaranty of the Government of the United States that they would have not only the full assistance of their consular officers but that armed forces could be available for defending their stores in the ports against robbery or confiscation by agents of the Bolshevik government in Moscow, which may be tried under the influence of the German Embassy at Moscow.

It would be necessary to sell these goods directly to peasants and their associations and not to big speculators who probably would try to get hold of stocks considerable enough to use them for politics, or big commercial profits. It would be necessary to prevent from the first beginning that not only those big American firms wouldn't be mixed into interior politics, but that also the distribution of the goods through the intermediates couldn't be used for political reasons.

It is necessary to point out that the Russian revolution, which is the biggest revolution that has ever been, is only at its beginning and that the solution of

the agrarian problems can be carried out only in a certain number of years. But, whatever the political passions may be and how bloody and brutal the outside may be, the interior life of the country must go on somehow and the needs for different things is much bigger in such a time of great trouble and stress. And the nation who in such time was a real unselfish friend, assisting the population in procuring the things needed and not asking any political compensation or rights, will be the nation which will be naturally bound together for future real political life when one day a central government will be created.

G. MAYDELL

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File No. 861 48/675

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, June 11, 1918, 8 p. m.

[Received July 3, 6.57 a. m.]

260. Just visited by member of All-Russian Central Executive Committee . . . accompanied by local Commissar for Finance for government of Vologda who presented pathetic written appeal for flour stating require minimum 20,000 tons within a month and equal amount monthly thereafter. Urged shipments now *en route* elsewhere be directed to Archangel as needs are critical. Czech interference with Siberian Railway deprives Moscow, Petrograd, Vologda and surrounding section of flour and famine imminent.

I earnestly recommend compliance with request as such aid would be incalculably effective in securing good will of Russian people and would surely minimize if not end all opposition to intervention if any exists.

These officials confidently assert will pay for such food in Russian flax, leather, and butter or if that is unsatisfactory will pay gold which compensation I can arrange, but if no compensation game is worth candle.

FRANCIS

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File No. 861.00/1887

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, June 13, 1918, 3 p. m.

179. Your 185, May 20, 5 p. m. You are authorized to draw on the Department up to \$5,000,000 additional to \$1,000,000 already allotted for the same purpose. You are to report progress at frequent intervals. Funds are to be expended only for such supplies as can be controlled to the point of moving them in safety towards Archangel or Vladivostok. Department assumes that members of

purchasing commission will enlist cooperation of consular service and of the British and French to follow shipments and report at once if their safety is imperiled or success of efforts liable to fail of realization.

LANSING

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File No 861 00/2014

*The Minister in China (Reinsch) to the Secretary of State*

[Telegram—Extract<sup>1</sup>]

PEKING, June 13, 1918, 5 p. m.

[Received June 13, 4.31 p. m.]

Representatives of the Moscow Central Supply Committee here at present describe the nature of their organization, elective in its communal, district and central bodies, devoted to task of filling crying needs Russian population, saving lives, resisting extension of German influence, preventing supplies to regions under German control. They seem an organization which Allies could support with good results. They are working here for relaxation of Manchurian export embargo. Do you desire that I support release of merchandise addressed to that committee?

REINSCH

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File No 861 00/2211

*The Consul General at Irkutsk (Harris) to the Secretary of State<sup>2</sup>*

[Telegram]

IRKUTSK, June 15, 1918.

[Received July 7, 10.25 p. m.]

When I was in Turkestan, Central Asia, two months ago I reported to Summers situation regarding cotton there and attempts of Germans to get control of every available bale. I made certain recommendations as to how American Government and Allies should act to stop this.<sup>3</sup> Since my appointment Irkutsk I have not heard what action, if any, our Government has taken concerning this matter. In view of fact that Germans are exerting every effort to obtain not only all Russian cotton but wool [omission?], copper, and grain, I strongly recommend that American Government appropriate sufficient money, amount to be determined later, to purchase these raw materials in return for British shoes, dry goods, and machinery. Money thus expended would not be lost. The cotton should go to

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<sup>1</sup> Printed in full in vol. II, p. 206.

<sup>2</sup> Sent via the Consulate at Vladivostok (No. 34).

<sup>3</sup> See *ante*, p 114.

Russian mills for benefit Russian workmen. Food should be supplied to the starving people from superabundance Turkestan and northern (blank) from (blank) river valley and Siberia. There are large quantities of food and other supplies in both Vladivostok and Archangel which should be hurried as soon as possible into Siberia and Russia. An efficient business organization should be placed in charge with headquarters, in beginning, at Vladivostok. This organization should work closely with the experienced organizations of the International Harvester Co., with American Railroad Commission now in east Siberia, and with National City Bank in European Russia. Apart from such manufactured goods as might be imported from America much could be supplied from Japan and also from China by the removal of embargo. Our organization should also work closely with Cooperative Societies in both Russia and America. I recommend these measures strongly not only to keep all reorganizing materials from falling into enemy hands, but as a strong impetus to encourage Russia to again declare war upon Germany. This policy may be pursued no matter what party remains permanently in control of Russia. If Department agrees in principle, steps may at once be taken to complete organization. Strongly urge it.

HARRIS

File No. 861 00/2075

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, June 16, 1918, 8 p. m.

[Received June 20, 2 a. m.]

273. Cable filed 3 a. m., 16th, unnumbered because files locked. Moscow-Petrograd papers 15th contained substance of Chicherin<sup>1</sup> note to English and state similar notes forwarded American and French Consuls. Observe British and American notes demand war vessels leave Russian ports while French note mentions Arctic ports only.

Nothing from General Poole<sup>2</sup> or Emerson.<sup>3</sup>

Reports from various sources confirm arriving of German prisoners to suppress Czechs and in my judgment demand to clear from Russian ports dictated by Germany with which Soviet government apparently reached agreement.

. . . . . commissioner mentioned in mine of the [11th] entered a protest through the military attaché; has not replied as he promised; asked me whether preferred proposition from Soviet government or

<sup>1</sup> Soviet Commissar for Foreign Affairs.

<sup>2</sup> Maj. Gen. Frederick C. Poole, commanding the British forces in north Russia.

<sup>3</sup> Col. George Emerson, in charge of the Railway Service Corps.

oppositions thereto and when I replied to bring propositions from both he readily agreed. He asserted that the situation is desperate and I assured him we would relieve famine if possible regardless of dominating authority. Again I urge prompt forwarding of flour to Archangel advising me thereof so I can announce to *muzhik* people that America has relief *en route* as such statement would have widespread effect in connection with Allied intervention.

Shall await instructions concerning reply to demand that our war vessels leave Russian ports.

Were we represented in Paris Allied Military Conference June 3; do we accept conclusion thereof?

FRANCIS

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File No. 861 00/2014

*The Secretary of State to the Minister in China (Reinsch)*

[Telegram]

WASHINGTON, June 19, 1918, 3 p. m.

Your June 13, 5 p. m. Department believes reasonable quantity of material for Moscow Supply Committee should be released and forwarded as trial shipment. When shipment is made full information should be furnished Department to communicate to consular representatives in Siberia and European Russia, so that they can follow shipments to destination. Department has just approved shipment from this country to Moscow Supply Committee 50,000 pairs shoes as trial shipment to be delivered to representative of committee at Omsk.

LANSING

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File No. 861.00/2094

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, June 22, 1918, 11 p. m.

[Received June 23, 9.58 a. m.]

290. At the risk of being importunate I request again sending shipload flour to Archangel. Besides relieving suffering, moral effect would be widespread. If Germans take Moscow they can advance to Vologda and if Czechs are defeated or leave Russia Soviet government or Germany will control Siberian Railway and Allies' missions here will be compelled to remove to Archangel. If good will of northern Russia gained, Allies will have friendly base for operation and Germans be successfully resisted. Can sell for Russian products.

FRANCIS

*The Consul at Harbin (Moser) to the Secretary of State*

[*Telegram*]

HARBIN, July 3, 1918, 3 p. m.

[*Received July 7, 3.51 p. m.*]

Eight hundred refugees now living tents and freight cars at Manchuria [station]; homes destroyed by advancing Bolsheviks and war prisoners after Semenov's<sup>1</sup> retreat. Fifty per cent children, thirty per cent women, completely destitute; mostly farmers, coal miners, railway employees, village traders. Are being fed now by Semenov's private means but he can not furnish supplies; have appealed to Russian and American Red Cross for clothing and homes sufficient during warm weather but if winter comes before order restored they will require shelter. In any case many driven out before they could plant crops and there will be no harvest; they must be fed during winter.

Thirty thousand Buriats also driven from Siberia by war prisoners' advance, have taken refuge in Manchuria, destitute of everything. To-day they appealed to Horvat<sup>2</sup> and all the consular agents and American Red Cross for help and we must have immediate follows [answer?]. Please inform National Red Cross committee that I request authority to appoint investigators and to draw sufficient funds in my discretion to give our share of assistance through local Red Cross chapter.

MOSER

*The Consul at Moscow (Poole) to the Secretary of State<sup>3</sup>*

[*Telegram*]

Moscow, July 6, 1918, noon.

[*Received August 12, 10 a. m.*]

700. The Union of Cooperative Societies appeals to America through its director Berkenheim . . . for assistance in feeding the people of northern Russia during the coming winter. It is calculated from figures which he furnishes that to bring the necessary grain from America would require twenty-five voyages monthly of 5,000 tons each. In view of the general tonnage situation, if for no other reason, such shipments are obviously out of the question. On the other hand it appears from figures supplied by the Cooperative Union that their appeal should be met and famine averted by proper organization of the distribution of the grain stores in western

<sup>1</sup> Ataman of the Far Eastern Cossacks

<sup>2</sup> Russian Governor and General Manager of the Chinese Eastern Railway.

<sup>3</sup> Sent via the Consulate at Petrograd and the Legation in Norway.

Siberia. According to statistics prepared for them by Prokopovich, Minister of Food Supplies in the Kerensky government, the amount of these stores, consisting principally of surplus from the large 1917 crop, is from 3,000,000 to 3,500,000 short tons. Of this Prokopovich estimates that, owing to the poor state of transportation, only 750,000 tons could be moved into European Russia, but that with extraordinary measures to improve transportation this amount might be somewhat more than doubled.

Allied intervention will create that situation of order which will make distribution possible. At the present moment shipments into European Russia are prevented by the Czech conflict, but as from August 1917 to April 1918 only 275,000 tons were moved, it is clear that even in the absence of the Czech difficulty neither the Bolshevik nor probably any other Russian government would be able to meet the situation adequately.

The same military program is necessary in order to solve the famine problem as should be adopted if only military and political considerations were involved. Intervention in Siberia must be executed with sufficient forces to support the Czechs in their present positions and to effect a prompt junction with the Allied groups entering at Murman, Archangel. The Cooperative Societies request succor for the eight governments of Archangel, Vologda, Novgorod, Petrograd, Olonets, Tver, Yaroslavl, and Kostroma, but the actual extent of territory which can be defended and nourished will depend of course on military considerations. In order to make effective distribution the front to be created should, however, include Vologda.

As in the case of the military program, time is of the essence. By the end of October the Dvina will be frozen and conditions of distribution will become exceedingly difficult. In Siberia also the grain must be moved down the rivers to the railroad before winter sets in. The general plan of distribution must be worked out and directed by Allied citizens. The Cooperative Societies agree to do the field work.

Commercial Attaché Huntington and Wardwell of Red Cross have been present at the conference with the Cooperative Societies [securing?] further data and will telegraph the Red Cross. Huntington joins me in affirming that the relief of northern Russia is a task which our Allies can not and should not avoid. If the problem is not anticipated and immediate steps taken for its solution, the famine will soon take on the proportions of a tragedy such as will imperatively command the attention of the Allies whether they will or no. We earnestly recommend that the intervention problem be studied in this light, that is, not solely from the political and mili-

tary points of view but with the unavoidable humanitarian demands of the national subjects clearly in mind. Please refer in this connection to my No. 683.<sup>1</sup>

If the Department perceives no objection, I should be glad to have Mr. Crane<sup>2</sup> informed of this situation owing to his deep humanitarian interests in the Russian people. Please acknowledge.

POOLE

File No. 861.48/675

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, July 11, 1918, 4 p. m.

222. Your 250 [260], June 11, 8 p. m., received July 8. No tonnage available for such quantities as you state are required or to relieve distress of vast numbers of Russian people who will need grain. Effort will be made to send relief ship as you recommended previously but the bulk of Russia's supplies of grain can come only from Russia. Consequently important that Siberian Railway be kept open for supplies from western Siberia to parts of European Russia beyond zone of German control. Position of Czecho-Slovak troops will be endangered and their friendly purpose to aid fellow Slavs towards freedom from German domination will be misunderstood wholly if they are blamed for interruption of food supply from Siberia for northeastern Russia.

LANSING

File No. 861.00/2353, 2354

*The Consul at Moscow (Poole) to the Secretary of State<sup>3</sup>*

[Telegram]

Moscow, July 16, 1918, 6 p. m.

[Received July 24, 9.35 p. m.; July 26, 4.30 a. m.]

714. Oil supplies in north Caucasus enormous stocks by the arrivals in Moscow and flax near German lines [sic]. In majority cases purchase of commodities and transportation Archangel for eventual shipment or destruction is impossible. Our plan is rather break up concentrated stocks and distribute beyond power of Germans to recollect. For this we utilize the Central Union of Consumers' Societies, the only element in Russian commercial and credit apparatus which has survived complete destruction wrought by crude and

<sup>1</sup> Not received at Department.

<sup>2</sup> Charles R. Crane, member of the Root mission to Russia.

<sup>3</sup> Sent via the Embassy in France; by wireless from Moscow to Paris. Another copy of the second paragraph received Aug. 11, via the Consulate at Petrograd and the Legation in Norway (File No. 861.00/2460).

violent Bolshevik nationalization. For economic and political status of Cooperatives see reports<sup>1</sup> of Consulate General latter part of 1917 . . . .

Our method is to finance Central Union as [follows]: In case of textiles, [union,] following failure governmental department, has received monopoly for distribution Moscow stocks among the peasants. The sunflower oil is shipped to factories in interior where converted into soap for wide distribution amongst population. Such economic warfare is effective, humanitarian, and associates us with a powerful permanent democratic force in Russia. Present program contemplates ultimate finance of Rs. 500,000,000, of which America's share one-third, equals \$17,000,000 at rate of 10 [rubles] on the dollar. Six million dollars already granted, but we must have further credit ten million immediately, which beg you urge, remarking that large part of money actually merely loaned on fair security. Furthermore prompt [advantageous realization] cash ruble sums required by secret [means] selling foreign exchange impossible because: (1) absence foreign trade, (2) painful shortage currency, through nationalization of banks, preventing possessors of current accounts drawing them.

However, Central Union is willing accept dollars deposited their account in New York at agreed rate, if possible utilize these immediately for purchases Union [prime] necessities. Accumulation of dollars for speculation or future use not interesting. Again therefore, I earnestly beg that "Goods Exchange" be advised at once through Allied Ambassadors how much tonnage will be assigned Archangel this season. Merchandise and food from the Allies will have tremendous effect here now, accentuating fundamental difference between Allied policy provision and German policy of plunder. Can not emphasize too strongly relapse of economic life of a former great nation to primitive conditions, money has limited use. Head of Cooperatives doubts that prospective good harvest will save Moscow and cities from famine because peasants refuse cede grain without receiving manufactures.

POOLE

File No 861 00/2216

*The Acting Secretary of State to the Consul at Harbin (Moser)*

[Telegram]

*WASHINGTON, July 17, 1918, 5 p. m.*

Your July 3, 3 p. m., somewhat garbled. As emergency measure and without commitment to permanent support Red Cross authorizes you to draw up to \$5,000. Meanwhile please report: (1) Organiza-

<sup>1</sup> Not printed.

tion and competence of personnel Harbin Red Cross Chapter; (2) any additional funds urgent now; (3) probable requirements both material and financial for 30,000 refugees in Manchuria.

POLK

American Project of an Economic and Educational Mission to Siberia, July 17, 1918—Organization in England of the Siberian Supply Company—Arrangements with the Allies for Provisioning the Northern Region—Consent of the United States to British Control of Neutral Trade with Northern Russia

File No 861 00/3054b

*The Secretary of State to the Allied Ambassadors*

[*Alde-Mémoire—Extract<sup>1</sup>*]

. . . It is the hope and purpose of the Government of the United States to take advantage of the earliest opportunity to send to Siberia a commission of merchants, agricultural experts, labor advisers, Red Cross representatives, and agents of the Young Men's Christian Association accustomed to organizing the best methods of spreading useful information and rendering educational help of a modest sort, in order in some systematic manner to relieve the immediate economic necessities of the people there in every way for which opportunity may open. The execution of this plan will follow and will not be permitted to embarrass the military assistance rendered in the rear of the westward-moving forces of the Czechoslovaks.

WASHINGTON, July 17, 1918.

File No 861 00/2568

*The British Embassy to the Department of State*

[A copy of the following paraphrase of a telegram was left at the Department of State on July 26, 1918:]

*The British Secretary of State for Foreign Affairs (Balfour) to the Ambassador at Washington (Reading)*

July 25, 1918.

The general scheme of mission proposed by the United States Government has our warm approval and we should be glad to cooperate in such a mission in any way that may be required.

It is most important that we should learn as soon as possible exactly along what lines Americans are working and how we can best consult with them about the general form and details of organization. Will you please ascertain this? The following is a rough summary of our views as to the best method of supplying goods to relieve the present necessities of the Siberian population. We fully realize that considerations of geographical neighbourhood, economy of tonnage and available supplies make it inevitable that the main task of supply

<sup>1</sup> Printed in full in vol II, p. 287.

shall be performed by American and Japanese agency. We feel, however, that it is highly desirable to give the supply scheme as fully an inter-Allied character as is practicable in the circumstances. We have accordingly examined, in consultation with experts, the possibility of cooperating by furnishing a contingent of British goods, and taking part in any inter-Allied organization for their distribution. It is found that a considerable amount of goods suitable for the purpose can probably be made available from stocks of British goods already lying at Vladivostok and Khabarovsk, and a certain amount of goods of certain classes are available in Canada and others are procurable from there and other parts of the British Empire, though the quantity that could be furnished direct from the United Kingdom is restricted.

An inter-departmental committee has been formed in London to deal with the matter on behalf of His Majesty's Government and an official commissioner is being appointed at Vladivostok to supervise all local arrangements on their behalf and to represent His Majesty's Government on the inter-Allied commission which they hope will be established to coordinate Allied action with regard to such matters as tonnage, transport facilities, currency exchange and principles and methods of local distribution. Probably this commissioner will be Mr. Henry Sly, C. M. G., His Majesty's Consul at Harbin, and I should be glad to know at the earliest possible moment who will deal with the question on the spot for the United States Government, in order that our representative may put himself in touch with him without delay.

As regards the actual business operations of supply, we are in close consultation with the representatives of merchants already trading in the Far East, and we hope to enlist the services of some of these firms to act as agents for His Majesty's Government for this purpose. Any such firms would act strictly as the agents for the Government, and not for private profit in the supply and distribution of Government goods, being paid a fixed remuneration for their services.

The object of utilizing their services is to take advantage of their business and local experience, to ensure efficiency and economy of management, and to secure that relief scheme shall be so operated as to promote rather than to retard economic rehabilitation of the country. It is understood that the principal firms consulted may form a joint committee of organization to co-operate with the Government and to avoid confusion and overlapping. His Majesty's Government also learn that the Hong Kong-Shanghai Bank may be prepared to establish an agency in Vladivostok, and they are inclined to encourage this step, which will, no doubt, facilitate the measures for the improvement of currency arrangements.

Difficult questions are likely to arise with regard to the terms on which any goods supplied by the Governments should be disposed of to Siberian consumers, and it seems highly desirable that all the Allied Governments taking part in the scheme should pursue the same policy in this matter. His Majesty's Government suggest that this question should be referred to the proposed inter-Allied commission, to be determined on the spot, in the light of their knowledge of local circumstances. They suggest that the two guiding principles should be:

1. To make the whole transaction, as far as possible, self-supporting and not eleemosynary (except in so far as the commission may find it necessary to authorize the departure from this principle in particular cases). This seems to be the only way of limiting abuses certain to arise out of a widespread relief scheme, such as exploitation of actual consumers by Chinese and other middlemen, who obtain possession of goods at less than cost price.

2 To exclude altogether the element of profit-making from the supply and distribution of goods sent for the purpose of relief, and make it clear that the object is to benefit the local population, and to avoid any suspicion that the Allies are aiming at exploiting economic necessities of Siberia, for private gain. Possibly it may be found advisable to operate on the lines of the Commission for Relief in Belgium, i. e., to sell at a small profit to comparatively well-to-do sections of the population, and to employ this margin of profit for relief distribution of the necessities of life, either free or below cost, to destitute sections of the population in towns and elsewhere.

His Majesty's Government contemplate that the above régime should be purely temporary, pending the establishment of such conditions in Siberia as may permit of a general resumption of commercial intercourse on a more normal footing. They suggest that the inter-Allied commission should be authorized and directed to watch the situation carefully from this point of view, and to report to their Governments from time to time.

I propose in a separate telegram to enumerate the classes of goods which, so far as our present information extends, are most in demand in Siberia, and to give some indication of the kind of goods which can be made available for the purpose from British sources. I shall be glad to receive corresponding information from the United States Government.

We are, I need not say, most anxious to work in constant and complete harmony with the United States, in this somewhat difficult and complicated undertaking.

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File No. 861.00/2567

*Memorandum of the Counselor for the Department of State (Polk) of conversation with the British Chargé (Barclay) in regard to telegram from Mr. Balfour to Lord Reading, dated July 25, on the subject of the proposed mission to Siberia<sup>1</sup>*

The United States Government appreciates the offer to cooperate on the part of the British Government. It is apparent, however, that the British Government believes the United States Government has in mind a purely economic mission rather than a mission which would have for its main object the study of the situation and would endeavor to ascertain in what way the Russian could be assisted to help himself. In other words, the Red Cross and educational side of the mission would be very much more to the fore than the economic side. As the personnel of the mission has not been selected, and as the policy to be pursued would more or less depend on the report that the mission may make, the United States Government is not in a position to discuss at this time the questions involving the class of goods which ought to be sent, the advisability of establishing branch banks, or the terms on which goods are to be sold to the Russian Government.

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<sup>1</sup> Note in the margin of MS.: "Copy given to Mr. Barclay Aug. 16 at Mr. Polk's request. W. P[hillips]." Note on an attached letter to the President forwarding Mr. Balfour's telegram: "Aug. 13, 1918. President called and told me to reply as I suggested in memorandum attached. F. L. P[olk]."

File No. S61 801/32

*The British Ambassador (Reading) to the Secretary of State*

No. 846

## MEMORANDUM

The British Ambassador presents his compliments to the Secretary of State and has the honour to inform him of the receipt of a telegram from Mr. Balfour, stating that the British Government have been carefully considering steps necessary to control traffic by sea to and from north Russian ports, especially the trade between these ports and Norway. It appears very important in present conditions, and especially with a view to preventing supplies of valuable materials reaching the enemy by this route, that neutral traffic should be confined to the smallest possible limits and subjected as far as possible to effective Allied control.

In April 1916 the Russian Government closed the Russian Arctic coast from the Norwegian frontier to Kara Straits, and vessels were only allowed to enter this area if in possession of a permit issued by the Russian Government Committee in London and the British Admiralty. It is, of course, impossible in present conditions to secure the cooperation of Russia in enforcing these regulations. His Majesty's Government consider, however, that it is necessary to have some basis of justification for the action of the Allied patrols in continuing to enforce the previous Russian regulation.

His Majesty's Government propose, therefore, to notify the neutrals concerned that they still regard the prohibited area as being in force and that vessels can only proceed there if in possession of a permit to do so issued by the British Admiralty. The British authorities consider that the fact of the exclusion of the Russian Arctic from the terms of the Brest Litovsk peace treaty and recent German operations in that area are sufficient justification for the adoption of this emergency course.

The British Ambassador has received instructions to bring this matter to the attention of the United States Government, and to add that unless the United States authorities have any objection to the proposal, His Majesty's Government propose to put in force the arrangements indicated above.

Information has reached the British authorities that the resumption of trade between Norway and north Russia is in contemplation, and it is therefore important that the intention to adopt the suggested policy should be announced at an early date. The British Ambassador would, therefore, be grateful if he could be favoured with a reply to this memorandum as soon as possible.

WASHINGTON, July 31, 1918.

[Received August 1.]

File No. 811.142/4172b

*The Acting Secretary of State to the Consul at Archangel (Cole)*

[Telegram]

WASHINGTON, August 2, 1918, 4 p. m.

Red Cross planning to send about 4,000 tons of medicines and supplies to Archangel this month for distribution by Red Cross mission. Can ship enter Archangel safely and what prospect of bringing flax as return cargo? Answer urgent.

POLK

File No. 861.48/667c

*The Acting Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, August 7, 1918, 4 p. m.

660. This Government has agreed in principle to do its share in rationing Murmansk and Archangel districts for this winter. The United States can supply necessary foodstuffs but imperative needs of expeditionary forces absolutely prohibit diverting American tonnage to White Sea. Bring this immediately to attention of British Government and report whether British tonnage will be supplied. Time is short if shipments are to be made to Archangel.

POLK

File No. 811.142/4451

*The Consul at Archangel (Cole) to the Secretary of State*

[Telegram]

ARCHANGEL, August 15, 1918, 4 p. m.

[Received August 27, 9.51 p. m.]

104. [Your] August 2, 3 [4] p. m. Nine hundred and twenty-nine tons of flax certain, also other cargo about which several telegrams already sent. Port now under absolute Allied control.

Cole

File No. 861.00/2539

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, August 20, 1918, 4 p. m.

[Received August 21, 3.18 a. m.]

The Japanese Government to-day announced the appointment of an economic commission to study conditions in Russia with Baron Megata as chief. Stewart Elliott has arrived at Tokyo and is awaiting

ing opportunity to help in any plan which our Government may adopt for economic assistance to Russia. I am informed that Charles H. Tuck, formerly of the Cornell faculty and recently manager of the Siberian Development Co., contemplates returning home in the near future to offer his services to the Government. During his three years' residence in Manchuria he has won the confidence of not only the foreign colony, but also the Russian and the Chinese, and I should regret to see him leave at this time. Would it be possible to attach him to the Consulate at Harbin, particularly as Moser is quite unwell and has, I am informed, asked for leave? Roger Greene<sup>1</sup> telegraphs me that he has offered his services to the Government. Would he not be peculiarly fitted as a special diplomatic agent at Vladivostok to counsel with Caldwell?<sup>2</sup> Japan has already designated Matsudaira with rank of counselor of embassy and Kimura with rank of first secretary of embassy to act as diplomatic representative there; Great Britain has designated Sir Charles Eliot of Hong Kong as high commissioner for the same purpose and the Italian Government is sending Gasco of their Embassy staff here with the rank of consul general at Vladivostok. The Japanese Government is facing an unexpected crisis. The rice riots throughout the Empire have revealed a deep social unrest. The papers say Ministry make a serious blunder in trying to prevent any reference to them in the newspapers and is now facing a unanimously hostile press. The Emperor has returned to Tokyo from his summer residence and an important effort will be made to form a more popular ministry.

MORRIS

File No. 861.77/451

*The Ambassador in Japan (Morris) to the Secretary of State*  
[Telegram]

TOKYO, August 23, 1918, 7 p. m.

[Received August 24, 2.45 p. m.]

The Minister for Foreign Affairs to-day informally advised me that Mr. Kinoshita, traffic manager of the Imperial Railways, has been dispatched to Vladivostok to investigate conditions on the Siberian railways and to study how transportation facilities can be improved for the benefit of the Czechoslovaks. He has been instructed to cooperate with Mr. Stevens and I have advised Stevens.

Baron Megata called this morning. We discussed at length how far economic aid was now practical. He expressed his conviction that Japan should cooperate in any American plan.

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<sup>1</sup> Roger S. Greene, formerly Consul General at Hankow.

<sup>2</sup> John K. Caldwell, Consul at Vladivostok.

May I suggest for the consideration of the Department that the time has now arrived when our Government's recent declaration of policy toward Russia<sup>1</sup> should be followed by the appointment of a commissioner with adequate powers who could supervise and direct American activities in Siberia and make a beginning toward economic assistance. In addition the needs for Red Cross refugee relief and Young Men's Christian Association work are all far greater than we anticipated and will require some central control aside from the military, to prevent confusion and to link them up with economic transportation and supply administration. Temporarily and pending further instructions I am giving every assistance possible through the Embassy. Questions of personnel, policy, and method are being submitted daily. In this connection I would appreciate authority to send members of the staff to Harbin or Vladivostok should any further questions seem to require independent investigation. Reports recently received indicate that thus far the American activities have developed smoothly and we feel greatly indebted to Doctor Teusler<sup>2</sup> and to Messrs. Frazar,<sup>3</sup> Preston,<sup>4</sup> Phelps,<sup>5</sup> and their colleagues who with the wholehearted exchange of courtesies of Admiral Knight and Mr. Stevens have inaugurated the work with energy and judgment. It is the better organization of American activities which, with the Siberian winter not far distant, requires prompt attention.

MORRIS

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File No. 861.61823/10

*The Consul at Archangel (Cole) to the Secretary of State*

[Telegram]

MURMANSK, August 23, 1918, 5 p. m.

[Received September 1, 11.18 p. m.]

132. Archangel representative of the Central Flax Growers' Cooperative Association now has 20,000 tons of flax here unsold. Roughly estimated cost will be around Rs. 100 per pood or say \$10; terms of sale hoped for are payment in full in a week of the confirmation of the sale by opening confirmed bank account in dollars in New York, quantity and quality divided into three parts: 20 per cent first sort, 40 second, and 40 third. This flax grew in the Smolensk, Rzhev, Yaroslavl, Rybinsk, and Vologda regions. Sale is to be franco warehouse, Archangel.

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<sup>1</sup> *Aide-mémoire* of July 17, printed in part, *ante*, p. 134; in full, vol. II, p. 287.

<sup>2</sup> Dr. Rudolph B. Teusler, director of St. Luke's Hospital, Tokyo, and commissioner of the American Red Cross to Siberia.

<sup>3</sup> Everett W. Frazar, of Tokyo, representative in Siberia of the American Red Cross.

<sup>4</sup> Charles L. Preston, representative in Siberia of the American Red Cross.

<sup>5</sup> G. S. Phelps, senior representative of the Y. M. C. A. in Siberia.

British Government agents here negotiating for this flax but are not hastening to close deal as they wish to reduce the price and also force cooperative to accept rubles in Archangel. A guaranty that the rubles will be paid being made simultaneously with the confirmation of the sale. This unacceptable to the cooperative. I feel offering is to be in favor of the British idea but payment of dollars in New York would not result in export of capital out of Russia if it was understood that dollars deposited in New York could not be moved except to cover payments for manufactured articles needed by Russia purchased in the United States. In this way purchaser of the flax would not have to carry inflated rubles likely to decline unexpectedly.

Same cooperative has 40,000 additional tons of similar flax down railroads in the country between Vologda and Moscow.

Please reply by telegram immediately and fully how much flax needed, how soon and your ideas as to means of payment.

COLE

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File No. 861 00/2019½

*The British Chargé (Hohler) to the Secretary of State*

No. 973

MEMORANDUM

With reference to the communication made to Mr. Polk by His Majesty's Ambassador on July 26 and to the "memorandum of conversation" handed to His Majesty's Chargé d'Affaires by Mr. Phillips on August 17 on the subject of the United States mission to Siberia,<sup>1</sup> His Majesty's Chargé d'Affaires has the honour to inform the Secretary of State, by direction of His Majesty's Government, that Mr. Harold Porter, Acting Consul at Harbin, has now been appointed British Commercial Commissioner at Vladivostok, Mr. Sly now being unable to accept the position. Mr. Porter will proceed to Vladivostok at once.

No satisfactory agreement was come to out of the negotiations with the representatives of merchants trading in the Far East which was mentioned in Lord Reading's communication, but His Majesty's Government has made arrangements with Mr. Leslie Urquhart for the establishment by him of a business organization which shall act as agent of His Majesty's Government and which shall be under the control and supervision of the Board of Trade in the United Kingdom and of the commercial commissioner in Siberia in the operations connected with the supply of goods which was contemplated.

The name of the organization is The Siberian Supply Co. It will not trade on private account but will act purely as the agent of His Majesty's Government by whom it will be financed and it will be

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<sup>1</sup>Ante, pp 184 and 186.

instructed to conform with any directions given by His Majesty's Commercial Commissioner on behalf of the inter-Allied commission which it is hoped to establish at Vladivostok as to the methods and terms of the distribution of supplies. All receipts, expenditure, etc., will be accounted for to His Majesty's Government by the organization who will be remunerated for its services by a commission of one half per cent on the turnover, and by the reimbursement of out-of-pocket expenses.

WASHINGTON, September 3, 1918.

[Received September 5.]

File No 861 00/2648

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram—Extract<sup>1</sup>]

ARCHANGEL, September 4, 1918, 9 p. m.

[Received September 7, 7.36 p. m.]

381. Lindley says 3,000 tons flour will arrive from England September 10 and 6,000 tons additional about the 15th. I hoped we would be first to report food shipments. . . .

FRANCIS

File No 661.119/250

*The Ambassador in Great Britain (Page) to the Secretary of State*

[Telegram]

LONDON, September 5, 1918, 6 p. m.

[Received 6.15 p. m.]

1639. Your 660, August 7, 6 [4] p. m.<sup>2</sup> Your 854, August 19, 4 p. m., and your 1162, September 3, 5 p. m.<sup>3</sup> I am informed that the Wheat Executive<sup>4</sup> on August 20 reported that 15,000 tons of flour had already been shipped from Montreal to Archangel and that a further demand for 22,000 tons of flour, 5,250 tons of oatmeal, and 3,500 tons of oats for immediate shipment from North America had been received and it was agreed that the supplies should be provided subject to replacement by the Food Administration from stock lying at North American seaboard and originally intended for shipment to the European Allies. The Wheat Executive minutes state that the demand was purely military one and that the tonnage used for transportation of the cereals was tonnage which would otherwise have been used for transport of foodstuffs to the Allies. I understand that the

<sup>1</sup> Printed in full in vol. II, p. 519.

<sup>2</sup> *Ante*, p. 188.

<sup>3</sup> Neither printed.

<sup>4</sup> A committee concerned with food control, upon which served representatives of Great Britain, France, Italy, and the United States.

Wheat Executive have arranged for shipment of total foregoing amounts.

Further information on this subject is expected after next meeting of the Allied Maritime Transport Council, but in view of the present serious shortage of tonnage for anything but imperative Allied needs it is very doubtful whether any British tonnage is available for the rationing of the Murmansk and Archangel districts this winter.

PAGE

File No 861 00/2668

*The British Chargé (Barclay) to the Secretary of State*

No. 989

WASHINGTON, September 6, 1918.

[Received September 7.]

SIR: With reference to the memorandum transmitted on September 3 by this Embassy to the State Department on the subject of supplies for Archangel and Murmansk, I have the honour to inform you that I am in receipt of a telegram from His Majesty's Principal Secretary of State for Foreign Affairs to the effect that the French Government and His Majesty's Government have agreed to share equally the ultimate expenditure incurred by the Allies in European Russia, including the maintenance of the Czecho-Slovak forces, but apart from the expenses of their own forces operating in Russia.

In this connection, Mr. Balfour instructs me to submit a request that the United States Government should bear a third part of such expenditure, so that the ultimate cost would be equally divided among the three Governments. The cost of foodstuffs supplied by the United States for the rationing at Archangel and Murmansk would be taken into account in the total charge to be borne by the three Governments. Moreover, these supplies will be distributed to the civilian population, save in very exceptional circumstances, only against payment in rubles which would (or their sterling equivalent), if desired, be held for the account of the United States Government.

I have [etc.]

COLVILLE BARCLAY

File No. 861 48/638

*The Consul at Archangel (Cole) to the Secretary of State*

[Telegram]

ARCHANGEL, September 6, 1918, 4 p. m.

[Received September 12, 3.05 p. m.]

139. Entire political success or failure of intervention in Russia depends on supplying territory behind the Allied forces with foodstuffs. It is impossible at present for all concerned to predict when connection with Siberia can be had. Russian people will not fight;

can not be made to fight. The restrictions necessarily imposed upon the civil population due to the military operations are a heavy burden politically. Distribution of food supplies however is an inestimable asset; therefore the military liability should not interfere with the food supply asset. Russians for some time to come instinctively will find everything military objectionable. For this reason food distribution should be exclusively a civil function exercised independently of the army with sole responsibility to the highest civil authorities interested, namely Allied Governments. There should be an Allied supply committee to control importation of provisions or of merchandise and all exports. Some one familiar with the food resources of the United States, experienced in the exercise of virtual control, should be sent immediately from America. Demands made here for shipment from the United States should be considered imperative. What is the [Department's] opinion?

COLE

File No. 861 48.675a

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, September 20, 1918, 4 p. m.

263. Your recent inquiries regarding supplies. Report from London states that Wheat Executive<sup>1</sup> reported August 20, 15,000 tons of flour already shipped Archangel. This has precipitated question of feeding civilian population in Murmansk and Archangel districts through the winter. Negotiations now pending as to whether Great Britain, France, and the United States can arrange to share supplies for civilian population, each country taking care of its own military forces separately. Red Cross ship which sailed some time ago and now reported in English waters carried American personnel headed by Williams and including Stalinski as interpreter and Red Cross supplies quite separate from all other arrangements. Will keep you advised.

LANSING

File No. 861.00/2776

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram—Extract<sup>2</sup>]

ARCHANGEL, September 21, 1918, 5 p. m.

[Received September 24, 6.20 a. m.]

416. . . . The transport Rhodesian arrived from Montreal with 5,800 tons flour which being transferred to Russian craft for

<sup>1</sup> See footnote 4, *ante*, p. 142.

<sup>2</sup> Printed in full in vol. II, p. 542.

shipment to interior points, where flour exhausted. Please advise what vessels *en route* Archangel with supplies.

FRANCIS

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File No 861 77/500

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

ARCHANGEL, September 22, 1918.

[Received September 28, 1.50 p. m.]

419. Russian engineer Sakharov presents following cable from Goryashkovski through Russian Embassy, Washington: "Boots for amount \$400,000 shipped for Murman Railroad and Murmanstroika and employees." Sakharov is member Murmanstroika, organization of civil engineers and railroad workmen, but knows nothing about boots. Please ask Russian Embassy and report as think boots possibly shipment mentioned my No. 413.<sup>1</sup>

FRANCIS

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File No 861 801/32

*The Secretary of State to the British Ambassador (Reading)*

MEMORANDUM

The Secretary of State has the honor to acknowledge the receipt of the memorandum of his excellency, the Ambassador of Great Britain, dated July 31, 1918,<sup>2</sup> relative to the steps considered necessary by the British Government to control traffic by sea to and from north Russian ports, especially the trade between these ports and Norway.

Due note has been taken of the intention of the British Government to notify the neutrals concerned that they still regard as prohibited area the Russian Arctic coast from the Norwegian frontier to Kara Straits, which area was closed by action of the Russian Government in April 1916; and that unless the authorities of the United States have any objections to the proposal, the British Government proposes to put in force the regulation that vessels may only proceed within this area if in possession of a permit to do so issued by the British Admiralty.

The information contained in the memorandum under acknowledgment has been communicated to the interested departments of this Government, which perceive no reason why, as far as practicable, adherence should not be continued to the decree of the Russian Gov-

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<sup>1</sup> Not found in the files.

<sup>2</sup> *Ante*, p. 137.

ernment aforementioned which prescribes the conditions under which permits to shipping might be issued.

WASHINGTON. September 27, 1918.

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File No. 861 00/2776

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON. September 27, 1918, 2 p. m.

275. Your 416, September 21, 5 p. m. Four steamers cleared this month for Archangel with supplies. This includes Red Cross ship reported already arrived Murmansk

LANSING

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File No. 861 61323/10

*The Secretary of State to the Consul at Archangel (Cole)*

[Telegram]

WASHINGTON, October 1, 1918, 6 p. m.

From War Trade Board [Woolley] :

Your cable, August 23, 5 p. m.,<sup>1</sup> from Murmansk regarding flax. London Embassy actively discussing whole flax situation and cable sent them yesterday setting forth situation in this country. Suggest you send all communications through London Embassy regarding flax.

LANSING

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File No. 811 142/5855

*The Chargé in Great Britain (Laughlin) to the Secretary of State*

[Telegram]

LONDON, October 3, 1918, 6 p. m.

[Received 8 p. m.]

2458. [From Endicott to] American Red Cross:

1802. British Government tell us shipments brought from America already arranged for should be sufficient for needs civil population Archangel district eight months and are unwilling we should ship an additional amount except with assent British General, Archangel. We are to-day asking if this consent can be obtained; if so, by co-operation Navy for cash, we can probably arrange shipment approximating 1,000 tons bully beef, dried beans and other rough foods, but clothing practically unobtainable. If General's consent received, will

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<sup>1</sup>Ante, p. 140.

ship all possible and advise you. Tonnage would be arranged by Navy in cooperation Admiralty.

LAUGHLIN

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Establishment of the War Trade Board of the United States Russian Bureau, Inc., November 5, 1918—Refusal of Sanction for Relief in Cooperation with Soviet Authorities—Accomplishments of the “Goods Exchange” (Tovaro-Obmien)

File No 861 00/3054c

*The Acting Secretary of State to the Diplomatic Representatives of Great Britain, France, Italy, Japan, Russia, and China<sup>1</sup>*

AIDE-MÉMOIRE

In its *aide-mémoire* dated July 17, 1918,<sup>2</sup> handed to the Allied Ambassadors at Washington and in the announcement of the Acting Secretary of State to the press under date of August 3, 1918,<sup>3</sup> the United States Government stated that it was its hope and purpose to take advantage of the earliest opportunity to relieve in some measure the immediate economic necessities of the people of Russia but that the execution of its plans in this respect would follow and would not be permitted to embarrass the military assistance to be rendered in the rear of the forces of the Czecho-Slovaks in Siberia and in the districts around Murman and Archangel in northern Russia. The United States Government further expressed the hope and expectation that its associates in the war would lend their active aid in the execution of such plan as it found itself able to propose.

United States military forces having now arrived at Vladivostok and at Archangel, the United States Government is prepared to communicate to its associates in the war a frank and definite statement of the plan which it finds itself able to adopt in order to relieve in some measure the immediate economic necessities of the Russian people. The Government of the United States trusts that the action it proposes to take will commend itself in principle to its associates so that they will be prepared to lend their cooperation in the execution thereof.

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<sup>1</sup> Substance sent Oct. 11 by the Acting Secretary of State to the diplomatic representatives in Great Britain (No. 1953), France (No. 5885), Italy (No. 1760), Japan, for repetition to Peking and Vladivostok, and Archangel (No. 301). This information was intended for the War Trade Board representatives as well as for the Ambassadors

<sup>2</sup> Printed in part, *ante*, p. 134; in full, vol. II, p. 287.

<sup>3</sup> Vol. II, p. 328.

The result to be accomplished is to serve Russia and not to make use of her. The economic problem presented may at this time be geographically divided into two parts:

- (1) Economic assistance to the Russian population of northern Russia through the ports of Murman and Archangel;
- (2) Economic assistance to the Russian population via the Trans-Siberian Railroad.

The Government of the United States considers it desirable that any plan adopted to relieve the economic necessities of northern Russia should be fundamentally similar to that adopted for the same purpose in Siberia so that the system established may, if and when communication between these two regions, now separated, is established, fit into each other and lend themselves easily to adoption by any stable Russian government. The importance of this consideration is most apparent in connection with the establishment of a medium of exchange hereafter referred to.

In the judgment of the United States Government economic relief to Russia should be directed so that the Russian people may be assisted while in their present unfortunate condition against selfish aggressive trade practices. It cannot be left wholly to the discretion of private merchants to determine what commodities shall be shipped to Russia and what shall be the priority of shipment. Neither can the distribution in Russia of commodities received from abroad be entirely uncontrolled. Methods which will make possible the fair exchange of such commodities as are sent to Russia from abroad for commodities available in Russia and required abroad cannot be formulated and put into operation except under the guidance of some agency other than those afforded by private enterprise. The United States Government accordingly proposes to permit its merchants to trade with Russia only under such direction on its part as will insure to the Russian people absolute fair dealing and complete protection against exploitation and profiteering.

The United States Government proposes to control the economic relief it offers the Russian people through the instrumentality of the War Trade Board. The War Trade Board charged as it now is with the control of exports from and imports to the United States is peculiarly equipped to take charge of and direct the activities of the United States in this connection. Its representatives in the Allied countries and in the neutral countries of Europe have for many months past been cooperating closely and harmoniously with the representatives of our associates respecting the many questions arising by reason of the control of exports and imports generally.

In the very near future the War Trade Board proposes to make a public announcement to the effect that it is prepared to receive from

merchants in the United States applications for licenses for shipments to Russia and that licenses will be granted only under regulations designed to control shipments in conformity with the policy of the United States Government as set forth above. So as to provide the Russian people in certain localities with commodities, which on account of the nature thereof or the risks connected with distribution, or for some other reason, will not be purchased or shipped by private merchants, the President has made available to the War Trade Board the sum of \$5,000,000 for utilization as a revolving fund. For the convenient handling of this fund and to promote the accomplishment of the other purposes herein set forth, the War Trade Board proposes to organize a corporation the entire capital of which shall be owned by the United States. The corporation may participate in any plan which may be adopted for the establishment of a medium of exchange to facilitate such sales or purchases.

The views of the United States Government with reference to the establishment of a medium of exchange or currency in Russia necessary for the development of plans for economic relief may be summarized as follows:

The problem in connection with Russian currency both in north Russia and in Siberia is practically identical. In each case it is a question of creating a circulating medium that will be accepted by the people. Probably no circulating medium will generally be accepted at its nominal value unless backed by commodities on the spot so that the purchasing power of the new medium may be demonstrated. It will be an advantage if any new circulating medium should be such as can ultimately be adopted or taken over by a stable Russian government. The ruble originally had a gold value of about 50 cents. It is now selling at from 10 to 15 cents. If a new and distinctive issue of a currency denominated rubles is now put out on the market at what the old rubles are selling, it would probably be necessary, in order to avoid charges of bad faith, ultimately to redeem that ruble at a face value of about 50 cents which would involve considerable and unnecessary losses. The problem, therefore, is to put out a new and international ruble backed by commodities and to put the ruble into circulation at approximately 50 cents. These rubles would by their terms provide for redemption in commodities with proper and elastic provision for conversion, under circumstances and at rates from time to time, into credits in New York, London, Paris, and such other points as may be determined. This can, probably, be done if, as stated above, the international ruble is backed by commodities so that its purchasing power may be at once demonstrated.

The United States Government suggests that if its associates find themselves able to agree in principle with its views as set forth

above they each take the necessary steps to establish a similar form of control over their nationals in respect to imports from and exports to Russia as that contemplated by the United States. If this is done and if corporations are set up by the respective governments similar to that proposed by the War Trade Board the Government of the United States further suggests that the Allied representatives at Archangel and Vladivostok confer from time to time so as to co-ordinate the economic relief provided by the separate governments. It would be through the instrumentality of such Allied representatives that any issue of a medium of exchange or currency would be made. United States and Allied representatives now meet informally in Allied countries and in neutral European countries for the purpose of coordinating the policy of the United States and the Allies in respect to the control of exports and imports generally.

The proposals of the Government of the United States are made with the full realization of the fact that the problem presented is full of difficulties and that probably no plan can be devised in theory which in operation will not necessarily have to be modified to meet practical conditions which cannot be foreseen. In the judgment of the United States Government the plan of action it has, after much consideration, decided upon for itself will allow it effectively to carry out its repeatedly avowed policy of serving the Russian people.

WASHINGTON, October 10, 1918.

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File No. 861 50/29

*The Acting Secretary of State to the Ambassador in Japan (Morris),  
temporarily at Vladivostok*

[Telegram]

WASHINGTON, October 10, 1918, 4 p. m.

For Heid<sup>1</sup> from War Trade Board:

This is our cable No. 1; subsequent cables will be numbered serially and in cabling us you should similarly number your cables serially. Your official cables to us should all be transmitted through an American Consulate to the State Department.

1. We appreciate your spirit of service as evidenced by your willingness to represent us at Vladivostok. We are taking up the details of your appointment with the State Department and will shortly cable you in regard thereto.

2. The President has just approved of a provisional plan for rendering economic aid to Russia, the carrying out of which plan is entrusted to the War Trade Board. Under this plan supplies re-

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<sup>1</sup>August Heid, War Trade Board representative at Vladivostok.

quired by the Russian civilians will be licensed for export to Vladivostok and perhaps other ports for distribution and sale in Russia under control of the War Trade Board.

3. The goods to be shipped will be supplied from two sources: (1) private capital; and (2) a fund of \$5,000,000 which the President has appropriated for use by the War Trade Board as a revolving fund to purchase and sell supplies supplementing those which will be made available by private capital.

4. There are large amounts of goods in the United States manufactured for export to Russia and we are aware of many exporters who desire to procure and ship goods to Russia. In order to ascertain the character and amounts of goods which will thus be made available by private interests, the War Trade Board will at once issue a public statement to the effect that applications to export goods to Siberia will now be considered. We believe that this announcement will lead to a very large number of applications, through which we will ascertain the character and amount of goods which may be available for shipment to Siberia on private account. As soon as this information becomes available, we will cable you details of the same.

5. The \$5,000,000 fund above referred to will be employed to purchase and ship commodities which will not be purchased or shipped by private account, possibly because our proposed system of control hereafter described will be regarded as too rigorous, or perhaps because we shall desire certain of these supplies to be shipped to points where private interests will regard the risk as too great to warrant their assuming the same. This sum will also be available to purchase needed supplies which may be available locally or in Japan or Manchuria and which should be procured there to save tonnage. We have not yet determined the machinery through which the \$5,000,000 fund will be handled.

6. We believe that we shall be able to secure the allocation of shipping for the transport of supplies from the United States to Vladivostok at the rate of possibly 15,000 tons per month at the beginning, which amount we hope subsequently may be increased. This tonnage will, however, in part be utilized for the transport of military supplies for the Czecho-Slovaks and partly for the transport of railroad material for Stevens. We will cable you as soon as possible of the space which will be available for civilian shipments in addition to the two other requirements mentioned.

7. It will be our policy when our plans are fully developed to license no exports of civilian supplies for Siberia without previous reference to you for your recommendation as to the character and amount which should be licensed and the conditions which should

be attached. In general, we propose to issue to private shippers export licenses only under conditions which will insure to you effective control of the manner, place, and terms of sale.

8. In exercising the power of control which will thus be conferred upon you, you will have in mind the following considerations: (a) The manner and terms of sale must be such as to insure the supplies reaching on equitable terms the actual consumers who need the same. While a profit must be allowed the exporter which will be reasonable, taking into account the risks involved, it is of the utmost importance that excessive profits be avoided, and that no basis be permitted for charges of exploitation. We suggest that possibly these results can best be secured by causing the imported goods to be sold to representatives of various cooperative societies in whom you have confidence. You will be able to judge of the value of this suggestion and you may desire to recommend another plan. (b) With reference to the place of sale, you will have clearly in mind the military situation and the importance of creating a friendly population in the areas where American and other Allied troops are operating. We also regard it as most important that supplies be made available to Russians located in the areas where the Czecho-Slovaks are operating, or along the route over which supplies to the Czecho-Slovaks are to be shipped, otherwise, if clothing, etc., are to be shipped to the Czecho-Slovaks over territory occupied by Russians who are in urgent need of such supplies, we feel that great jealousy and ill feeling would be created toward the Czecho-Slovaks. (c) To the extent that the terms of sale involve a barter of commodities, we will desire you to exercise your control, having in mind (1) the importance of securing supplies which might otherwise become available to the enemy, and (2) the securing of commodities which are of a kind desired for import into the United States. We will shortly cable you a list of possible imports from Russia, in order of their need here, which will guide you in this matter.

9. In order to enable you effectively to determine needs at various localities and to impose appropriate conditions on their disposal, it will be necessary for you to select and dispatch to the important centers of population west along the railroad as far as conditions warrant, suitable Americans, speaking Russian if possible, whose duty it will be to investigate and report to you upon local needs and the reliability of local purchasing bodies, such as local branches of cooperative societies. These agents will also report upon local products which may be made available for the use of the armies or of civilians in other places or for export from Russia. You are authorized at once to proceed to create such an organization, advising us in advance, however, in so far as practicable, of the agents you propose

selecting and of the financial obligations incident to their employment. A temporary contingent fund of \$10,000 has been made available to you and against which you may draw by draft on the State Department. You will advise us as to any person in the United States whom you may desire to recommend to be sent to Vladivostok to assist you and we shall from time to time suggest to you desirable persons who seem to be available. Warland of War Trade Board and familiar with its organization and operations is leaving at once to assist you.

10. In order to create the necessary credits with which to pay for exports from the United States the War Trade Board is prepared to grant licenses to permit of the importation into the United States by cooperative societies or other responsible persons of Russian products. Such import licenses, however, should be granted in such a way as to insure priority of import to goods actually required by the United States. We understand that the Siberian Cooperative Union now hold in Canada skins of high value, the import and sale of which might be authorized at once to create a credit with which to pay exporters of commodities to branches of this Union. Such skins are not however regarded as desirable imports. We propose to limit imports from Russia to a tonnage equivalent to that employed to carry exports to Russia provided this quantity of imports will suffice to meet essential political and exchange requirements.

11. McCormick,<sup>1</sup> Baruch,<sup>2</sup> and Hurley<sup>3</sup> as an informal committee appointed by the President are taking charge temporarily of the purchase, shipment, and distribution of supplies for the Czecho-Slovaks. Shipment has been arranged through the Red Cross of about 1,700 tons of clothing, etc., which in part will be carried by United States transports. In cooperation with Captain Urban, the Czecho-Slovak military attaché here, and with General Janin, now *en route* to Vladivostok to command the Czecho-Slovaks, a list has been prepared of military supplies considered to be immediately required. We will cable you details of purchases made for this purpose. The Government of the United States will probably loan to the Czecho-Slovak Government \$7,000,000 to pay for these supplies and freight and insurance thereon.

12. In order to support Stevens in the primary necessity of arranging for the most effective operation of the railroads so that supplies may be distributed to the Czecho-Slovaks and Russians, we understand it will probably become necessary to ship railroad material, a considerable quantity of which is now available from Russian

<sup>1</sup> Vance C. McCormick, chairman, War Trade Board.

<sup>2</sup> Bernard M. Baruch, chairman, War Industries Board.

<sup>3</sup> Edward N. Hurley, chairman, U. S. Shipping Board

stocks in this country; and also to procure and ship supplies for the civilian employees of the railroad. For example, McCormick has just arranged for the purchase and shipment of cloth for uniforms for Stevens's men.

13. It is desired that you keep in the closest possible touch with requirements for Czecho-Slovaks and for the railroad as above indicated so as to make recommendations as to the priority which should be accorded the various purchases and shipments to be made for civilian Russians, Czecho-Slovaks, and railroad.

14. We are working on a plan somewhat similar to foregoing applicable to Archangel and Murmansk.

POLK

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File No 861 77/500

*The Acting Secretary of State to the Ambassador in Russia  
(Francis)*

[Telegram]

WASHINGTON, October 11, 1918, 4 p. m.

300. Your 419.<sup>1</sup> Russian Embassy requests reply as follows:

Engineer Goryashkovski begs to transmit to Sakharov that with the assistance of the Russian Ambassador at Washington, boots, clothes and underwear to the amount of \$400,000 have been purchased in America on account of Murmanstroika for employees and workmen of Murman Railway and Murmanstroika. Besides, there have been contributed 500 barrels of biscuits and 72,000 tins of milk and rice. Above goods have been shipped and are at present at Bergen, Norway, and will be taken to destination by Engineer Malishevski. Sakharov and engineers of Murman Railway should communicate with Malishevski through the Russian Ambassador at Stockholm, Gulkevich.

POLK

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File No 811 142/5947

*The Chargé in Sweden (Whitehouse) to the Secretary of State*

[Telegram]

STOCKHOLM, October 12, 1918, 5 p. m.

[Received October 13, 4.13 a. m.]

2987. For American Red Cross from Webster:

4. Referring my No. 2.<sup>2</sup> Sending of food into Petrograd for small children will create very favorable impression among Russian population toward America and will not aid Bolsheviks in resisting Allies. This will, to some extent, alleviate moral responsibility falling upon

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<sup>1</sup>Ante, p. 145.

<sup>2</sup>Not printed.

Allies on account great suffering caused by cutting off food supply and delayed relief due to war operations intervening.

WHITEHOUSE

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File No 861 48/680

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

ARCHANGEL, October 13, 1918, 7 p. m.

[Received October 15, 5.55 a. m.]

474. Two American steamers arrived yesterday: the *West Gambo*, cargo 6,500 tons flour and 57 machine guns and parts, and the *Anieva* with 6,500 tons flour. Both had British Shipping Ministry, New York, as consignor and consigned to British Shipping Ministry, Archangel. British ship *Seattle* arrived yesterday also from New York same consignor and consignee bringing general food supplies. Are these cargoes British owned, or American, or Allied?

FRANCIS

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File No 861.00/3315

*The Ambassador in Russia (Francis) to the Secretary of State*

No. 1229

ARCHANGEL, October 17, 1918

[Received November 30.]

SIR: I am in receipt of a circular of October 11 stating that on October 10 the Department had handed to the Ambassadors of Great Britain, France, Italy, Japan, Russia, and Minister of China an *aidé-mémoire*. This circular sets forth that the United States will regulate the commerce of its citizens with Russia, placing same under control of War Trade Board. The circular states that the Allied countries have been asked to express their views concerning the plan and to suggest modifications thereof; it also says that by regulating the price and distribution of imports with relation to the value of Russian products taken in exchange, it is hoped that the antewar value of the ruble, 50 cents gold (51.45 cents), will be restored in time.

This is a very comprehensive scheme, and I think it is much better than the appointment of a commission composed of prominent men who could do nothing more than come to Russia, hold meetings, express good will and give advice.

I am impatient to know what reply our allies will make to this proposition, especially our British cousins. England, or her subjects, had considerable interests in Russia before the war, and while they have suffered, they have not experienced nearly the losses the Germans have. The Germans set about recouping their losses im-

mediately after the Russian Army was demobilized or even before. The Bolshevik government, if not German agents, was completely under the control of Germans. The economic and unpublished provisions of the Brest Litovsk treaty gave Germany many large important commercial advantages—exclusive in some instances. Col. Raymond Robins, I have heard and advised the Department, when he returned to America in May, was the bearer of a proposition from the Soviet government proffering to our Government like advantages and concessions. The Bolshevik government was treacherous to its German pledges and thought it could induce us into making agreements to the exclusion of our allies. I have asked the Department if Colonel Robins presented such proposals and advocated their acceptance, but have received no reply. Again, I should like to be informed on this subject if the Department will permit.

The general conduct and bearing of all British representatives, military and civil, at Archangel and Murmansk indicates a belief or feeling on their part that if they do not have exclusive privileges at these ports, they should have, and they will not be contented with not having a decided advantage. Every move on their part indicates a desire to gain a strong foothold. There were 20,000 tons of flax in Archangel and the British, after stating to the French and our representatives that we should not compete therefor and thus advance the price to unreasonable figures, and after we consented thereto, contracted for the entire holdings of the Cooperatives. Three thousand tons were apportioned to us (by what authority, I have been unable to ascertain, although I have cabled the Department and Consul Cole has also) and as same is shipped, Captain Proctor, the British representative, demands payment for purchases shall be in pounds sterling in London, notwithstanding shipments are made to America, and the Cooperatives or the sellers wish and request payments to be made in dollars in America. At this writing I have instructed Consul Cole and Berg's representative (Berg is making purchases for the Linen Thread Co. of America) to inform the Cooperatives and Captain Proctor that the sellers of this flax when shipped to America can receive purchase money in dollars in America. I am waiting reply to this message.

I cabled you (see my No. 483 of October 15<sup>1</sup>) that Lieut. Hugh S. Martin, our representative at Murmansk, had sent me confidential information by Mr. Crawford Wheeler, ranking secretary of Y.M.C.A. in Russia, that he had proof that the British were attempting to negotiate commercial treaties of an exclusive preferential character with the Russians at Murmansk. I can not believe this is true, but am waiting the arrival of Lieutenant Martin before mak-

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<sup>1</sup> Not printed

ing up my mind on the subject. The British have been experienced in international commerce for centuries, and consequently they have the advantage over others who have less experience.

The Russian problem is difficult of solution and even if peace is established the Russian difficulties will not be adjusted thereby. If the destiny of Russia is referred to her own people to work out, they will almost surely engage in civil strife. If some scheme such as the Department has proposed is not adopted and the economic resources of this enormous country are preyed upon by adventurers or even by reputable business men or by great corporations, the outcome will be unsatisfactory to the Russians and the result may be deplorable.

I have [etc.]

DAVID R. FRANCIS

File No. 861 48/680

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, October 17, 1918, 4 p. m.

312. Your 474, October 13, 7 p. m. As you have already been advised, United States, Great Britain, and France are sharing joint expense of rationing Murmansk and Archangel districts for the winter. The shipments you mention, although the purchase was undertaken by the British, apparently represent supplies for payment of which Government of United States will assume one third responsibility.

LANSING

File No. 861 00/2779

*The Secretary of State to the French Ambassador (Jusserand)*

No. 2268

WASHINGTON, October 22, 1918.

EXCELLENCY: I have the honor to refer to your excellency's communication dated September 16 last,<sup>1</sup> relative to the agreement by the French and British Governments as to the allotment of the expenses incurred in rendering assistance to Russia in equal moieties, and making inquiry whether the United States Government would be disposed to join in an agreement to assume an equal share with France and England of the payment, the allotment among the three powers to date back to July 1, 1918.

Regarding this matter, I am pleased to inform you that the Government of the United States will support its forces at Archangel and has agreed to share with France and Great Britain, one third of the expenses of rationing the Archangel and Murmansk districts for the winter, but it is not in a position at this time to extend further any joint support of undertakings in the north of Russia.

Accept [etc.]

ROBERT LANSING

<sup>1</sup>Not printed.

File No 811.142/5947

*The Secretary of State to the Chargé in Sweden (Whitehouse)*

[Telegram]

WASHINGTON, October 22, 1918, 4 p. m.

1230. Your 2987, October 12, 5 p. m. Before action is taken on Webster's message to Red Cross, Department desires to know whether proposed relief requires association with Bolshevik authorities. Department is of opinion that Bolshevik régime has been preserved beyond its normal term by German support. Circular telegram of September 20<sup>1</sup> asked all civilized countries to protest against reign of terror which now prevails under Bolshevik régime. Disastrous conditions at Petrograd are appreciated but other considerations must now also be considered. Please answer.

LANSING

File No 811.142/6073

*The Chargé in Great Britain (Laughlin) to the Secretary of State*

[Telegram]

LONDON, October 24, 1918.

[Received 2.45 p. m.]

3053. [From Endicott to] American Red Cross:

1872. Have seen general commanding Archangel area who is now in London. He instructs us not to send foodstuffs to Archangel as it is not necessary.

LAUGHLIN

File No 103.9602/138c

*The Secretary of State to the Consul at Archangel (Cole)*

[Telegram—Extract]

WASHINGTON, October 24, 1918, 6 p. m.

From War Trade Board:

This is our cable No. 1. Subsequent cables will be numbered serially and in cabling us you should similarly number your cables serially. Your official cables to us should all be transmitted through the Department of State.

1. The War Trade Board has appointed August Heid its representative in Vladivostok and has sent him a cable as quoted below, most of which will be applicable to Archangel region where you have already been appointed to act as War Trade Board representative. The \$5,000,000 fund mentioned therein has no connection with the \$6,000,000 fund established some months ago for purchase of sup-

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<sup>1</sup> Vol. I, p. 687.

plies in Russia. For your information our cable to Heid, No. 1, reads substantially as follows:

[Here follow paragraphs 2 to 14 of telegram sent to Heid through the Ambassador in Japan, temporarily at Vladivostok, October 10, 4 p. m., *ante*, page 150.]

LANSING

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File No. 103 96/1456c

*The Secretary of State to the Consul at Archangel (Cole)*

[Telegram]

WASHINGTON, October 24, 1918, 6 p. m.

[From War Trade Board:]

2. In conference with War Industries Board it developed to-day that shipments of flax per *Somali*, *Nagoya*, *Aideus*, and *Ascutney* totaling about 5,000 tons represent our full requirements Russian flax for next year. We also require and expect to receive 1,000 tons and some tow from Canada; also 2,500 tons Irish flax of better quality which we need to meet our absolute necessities.

Therefore, we do not need 2,440 tons Archangel flax which we are advised by cable from London was allotted by Great Britain October 17 for shipment to United States and are not prepared grant license to import it if it is British owned. Therefore, if British owned, we suggest this 2,440 tons be discharged in England. If, however, there is available Russian-owned flax, the importation of which into the United States would result in the establishment here of Russian credit, which would be available, under our direction, for the purchase of American merchandise to be shipped to Russia, then we would be willing to grant licenses to import the Russian-owned flax as evidence of our desire to assist Russia.

LANSING

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File No. 861.00/2964

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, October 26, 1918, 4 p. m.

326. Your 483, October 15, 9 p. m.<sup>1</sup> Six hundred and forty-three cases merchandise at Murmansk purchased by Murman Railway through ruble deposits Credit Chancellery and dollar credits New York resulting therefrom. Russian Embassy here suggest that they

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<sup>1</sup> Not printed; it reported the arrival of shipments at Bergen and described the conditions at Murmansk which shipments would alleviate.

be distributed by agreement between yourself and Chankovski<sup>1</sup> representing functioning authorities northern Russia.

Department does not understand what action required regarding shipments now in Norway. Is making inquiry whether Norwegian Government will facilitate departure of Engineer Malishevski representing Murman Railway employees, who purchased these supplies and has their shipment in charge.

LANSING

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File No 811 142/7048

*The Chargé in Sweden (Whitehouse) to the Secretary of State*

[Telegram]

STOCKHOLM, October 29, 1918, 4 p. m.

[Received October 30, 10.18 a. m.]

3059. Your 1230, October 22, 4 p. m. Have consulted Wardwell<sup>2</sup> who states that it is impossible to do anything in Russia without dealing with the Bolshevik authorities. While relief might be carried on through the Russian Red Cross, the head of that organization is Sverdlov, whose brother is the head of the executive committee of the Soviet. Wardwell and Webster are willing to return to Russia and continue Red Cross work if the Department considers that such work would be consistent with our policy in view of the presence of American troops at Archangel and in Siberia.

While the Bolsheviks are naturally anxious to obtain relief supplies it would seem that a continuance of relief work with the presence in their territory of semiofficial Americans might induce the Bolsheviks to think that we do not intend to move against them and might discourage that part of the population which is anxiously hoping for us to drive out the Bolsheviks.

WHITEHOUSE

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File No 811.142/7048

*The Secretary of State to the Chargé in Sweden (Whitehouse)*

[Telegram]

WASHINGTON, October 31, 1918, 4 p. m.

1253. Your 3059, October 29, 4 p. m. Department can not sanction any activities, however urgent and distressing the need, which require cooperation or patronage of Bolshevik authorities. Has so advised Red Cross here and Ambassador at Archangel.

LANSING

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<sup>1</sup>President of the government of the northern region.

<sup>2</sup>Maj. Allen Wardwell, in charge of the American Red Cross Commission to Russia.

File No. 763 72112/11086

*The Ambassador in Russia (Francis) to the Secretary of State*

No. 1236

ARCHANGEL, November 1, 1918.

[Received December 23.]

SIR: I have the honor to enclose herewith a report made by First Lieut., U.S.N.A., Peter I. Bukowski, upon the subject of the activities of the Allies directed towards restricting the transfer of supplies from northern Russia to the enemy. This report was submitted by Lieutenant Bukowski after several months' work in this field at Petrograd, in cooperation with British and French officers, and upon his arrival at Archangel following the departure of all Americans from Bolshevik Russia.

I have [etc.]

DAVID R. FRANCIS

[Enclosure—Extract]

*Report on Activities Directed towards Restricting Supplies to the Enemy from Northern Russia*

The work of restricting supplies to the enemy from northern Russia was commenced about May 15, 1918. It will be remembered that, at the time, the Bolsheviks were wavering whether to maintain the pro-Ally sympathies of the Russian people or whether the interests of the Russian revolution demanded harmonious work with the Germans, which obviously would be advantageous to the Germans as well. The success of the German arms on the western front during the months of March, April, and May apparently convinced the Bolsheviks, however, that Germany represented a greater menace to the Soviet government than the Allies did, and that sooner or later Germany, tempted by the vast stores of materials and supplies in raw, semi- and fully manufactured state, would penetrate into the country beyond the region already controlled by the Germans. With this theory in mind, it was obvious to the Soviet government that Petrograd would be the object of the prime and great thrust because of the booty to be gained as well as the military and political significance of the act.

Actuated by these fears, the Soviet government decided to continue and in fact develop the evacuation of that city (Petrograd)—the evacuation having been first commenced in February 1918, before the Brest Litovsk peace was signed.

Allied representatives immediately offered their services and experience to the Soviet authorities in Petrograd—the interests of the Bolsheviks and the Allies coinciding at the time.

The following is a *résumé* of the evacuation of Petrograd which was commenced on a broad scale about May 15 and continued with varying intensity and with constant interruptions, of minor or more serious nature, up to August 1, when, because of apparent assurances made by the Germans that no invasion of Soviet territory would take place, the evacuation was stopped.

On August 1, when the evacuation was definitely abandoned, the results were as follows:

	Poods
Shipped by waterways	2,700,000
Shipped by rail	7,800,000
Total	10,500,000

[or about 170,000 long tons] of material of economic or military value, distributed roughly as follows:

	Poods (Estimated)
Copper, ingots, products, brass, tubing, plates, rods, etc.	1, 500, 000
Lead, nickel, high-speed instrument steel, ferro-alloys, etc	800, 000
Machinery, instruments, etc.	2, 000, 000
Rubber (raw and products such as tires, etc.)	1, 200, 000
War materials:	
Cartridges 50,000 cases	
Guncotton	
Aluminum detonating time fuses for 3" H. E. and shrapnel 3,000,000	3, 000, 000
12" naval guns—8	
Field guns—110	
Shells 3"—300,000— <sup>9</sup> [sic]	2, 000, 000
Miscellaneous—Q M Supplies	
Total	10, 500, 000

This represents about 85-90 per cent of all valuable materials and supplies in Petrograd and immediate industrial centers such as Sestroretsk (rifle factory), Okhta (powder works), Schlusselburg (powder works)

Most of the shipments made by waterways have arrived at their destinations, i. e., Volga towns, and consequently are now or have been in the hands of the Czecho-Slovak troops. The shipments by rail were more broadly distributed. The rubber products, tires particularly, were shipped to Moscow where they now remain despite repeatedly recurring reports to the effect that such were shipped to Germany. The raw rubber went into the interior along the Petrograd-Vologda-Perm railway but was diverted to Yaroslavl. Much of this has been probably destroyed by the heavy bombardment of the city. Considerable machinery and artillery was sent to Perm. Large rail shipments were made to Ekaterinburg.

The Government munitions and armament works have been dismantled and the machinery scattered about Russia.

As an aggregate quantity, there is still considerable material in the north of Russia but this is so scattered that it will be almost next to impossible to assemble larger quantities. . . .

Summarized, Petrograd and adjoining district are stripped of valuable materials and supplies. . . .

File No. 103.96/1445a

*The Secretary of State to the Minister in Norway (Schmedeman)*

[Telegram—Extract]

WASHINGTON, November 2, 1918, 6 p. m.

545. For Owen<sup>1</sup> from War Trade Board:

Supplementing our instructions for you to prepare to proceed at once to Archangel, we give you herewith a brief summary of our understanding of the economic and financial problems which it is desired you should study at Archangel.

<sup>1</sup> William H. Owen, War Trade Board representative at Stockholm.

In view of approaching winter and difficulty or impossibility of maintaining trade with northern Russia, the most pressing matter is in our opinion the currency question. The currency problem is one which arises in all portions of Russia and Siberia where Allies are operating, and the War Trade Board working with the State and Treasury Departments has submitted to the President a memorandum as to the policy of the United States in dealing with the currency situation, which memorandum the President has approved. This memorandum contained the following language: . . .

The foregoing point of view was presented to the British, French, and Japanese Governments in the form of an *aide-mémoire*,<sup>1</sup> the substance of which was cabled by the Department to the Legation at Stockholm and with which you may be familiar. . . . Our plan for an international ruble has been discussed with leading American bankers and they see no serious objections thereto, nor is it apparent why any great length of time would be required to put it into operation, provided the Associated Governments wholeheartedly accept the plan.

We desire you to study this entire situation at Archangel and report to us as promptly as possible your views. You are authorized to use your influence with the local British authorities to secure an acceptance of our views, provided, after investigating, you regard them as practical.

With regard to commodity problems, our previous cables will have indicated to you the general character of our plans. We regard it as of the utmost importance that all imports into Russia for the time being be distributed under Allied supervision so as to prevent profiteering and exploitation and to insure the goods' being disposed of so as to accomplish the maximum of good from an Allied point of view. We have authorized Consul Cole to take steps to create an organization which can handle imports from the United States in accordance with our plans and we understand that there are at Archangel representatives of Cooperative Societies who desire to arrange for exchange of commodities with the United States. We desire you to investigate and report on the possibility of such exchange and also to report on whether imports from Great Britain will be handled by a British official organization sympathetic with our views and acting in harmony with our own organization. Please also advise, unless Consul Cole has already done so, as to the possibility of making, during the winter, shipments to Kola for transhipment via the White Sea to the Archangel region.

LANSING

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<sup>1</sup>*Aide-mémoire* of Oct 10, *ante*, p. 147.

*The Secretary of State to the Minister in Norway (Schmedeman)*

[Telegram]

WASHINGTON, November 5, 1918, 3 p. m

547 [From War Trade Board] for Dye<sup>1</sup> [and] for Owen:

111. We desire to know whether in your opinion it is feasible or desirable to establish in Scandinavia, presumably in Stockholm, some organization to cooperate with British and French for accomplishment of such purposes as preventing supplies going into Russia to undesirable consignees or in furtherance of Germany's economic plans; handling as soon as possible goods of Allied origin so that they can be used in Russia in Allied and Russian interests in somewhat the same manner as is contemplated by our plans for Vladivostok and Archangel; securing desirable goods of Russian origin so as to prevent their reaching Germany. American military attaché at Archangel reports that he feels effective Russian work can now be done from Stockholm . . . . Please cable us your views fully on these matters.

War Trade Board has appointed August Heid as its representative at Vladivostok and Consul Cole its representative at Archangel. Each is authorized to build up an organization under him to control distribution of commodities imported under license of War Trade Board and we propose for the present to allow no imports into Russia unless exporter consents to consignment to War Trade Board organization which will determine to whom and where commodities shall be sold and the terms of sale. This control will be exercised to prevent exploitation and profiteering and to permit goods to reach the actual consumers who need the same and who are located where it is most important that American aid and sympathy be felt. We expect that shipment of commodities will shortly commence to Vladivostok, which commodities will in part be goods licensed under an arrangement as above indicated, and in part commodities purchased out of revolving fund put at disposal of War Trade Board by President for the purpose of supplementing private shipments.

We understand National City Bank has in Stockholm about twenty men withdrawn from Russia and at least some of whom are now arriving in this country. We have discussed with the bank here the possibility of securing the services of some of these men for Russian work and we desire your personal opinion of such of these men as you may know, especially as to their qualifications for service under our representatives in Russia. Are there any of these men

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<sup>1</sup> Alexander V. Dye, War Trade Board representative at Christiania.

still in Stockholm or any others whose services you would desire to utilize? If so, we will be glad to endeavor to facilitate your obtaining them.

LANSING

File No 108 96/1479b

*The Secretary of State to the Minister in Norway (Schmedeman)*

[Telegram]

WASHINGTON, November 5, 1918, 5 p. m.

551. For Owen from War Trade Board:

In view of rapidly changing situation, we do not desire you to proceed to Archangel at least for the present. Please proceed to Stockholm with a view to studying the Russian situation from there.

LANSING

File No 661 119/342a

*The Secretary of State to the Consul at Vladivostok (Caldwell)<sup>1</sup>*

[Telegram]

WASHINGTON, November 9, 1918, 6 p. m.

For Heid [from War Trade Board]:

18. Referring our 1,<sup>2</sup> paragraph 3, following press notice issued to-day:<sup>3</sup>

The War Trade Board to which the President has intrusted the execution of plans for rendering unselfish economic aid to Russia, has now established a corporation to carry out or administer certain details of this economic program in regions and lines of trade where it is not possible to accomplish this through the ordinary channels of trade. Articles of incorporation were to-day<sup>4</sup> filed for this corporation, to be known as "The War Trade Board of the United States Russian Bureau, Incorporated." The capital of this corporation, which is to be operated in the interest of the Russian people, is placed at \$5,000,000, the amount of the revolving fund placed at the disposal of the War Trade Board for the purpose of financing the plans and policies of economic assistance to the Russian people.

LANSING

<sup>1</sup> The same, except for reference to previous telegram, on the same date, to the Consul at Archangel (No. 10); and to the Minister in Sweden (No. 1272, for Owen, No. 98).

<sup>2</sup> To the Ambassador in Japan, temporarily at Vladivostok, Oct. 10, 4 p. m., *ante*, p. 150.

<sup>3</sup> Should be Nov. 7, which was the original date of the telegram.

<sup>4</sup> Nov. 5 in the published notice.

File No. 861 24/105a

*The Secretary of State to the Chargé in Sweden (Whitehouse)*

[Telegiam]

WASHINGTON, November 9, 1918, 5 p. m.

1276. Please telegraph a soon as possible text of Huntington's<sup>1</sup> letter to Ambassador giving résumé of expenditures and materials purchased by Goods Exchange; also mail copy by pouch. Huntington expresses thanks for official accounts duly received.

LANSING

File No. 861 24/105

*The Chargé in Sweden (Whitehouse) to the Secretary of State*

[Telegiam]

STOCKHOLM, November 13, 1918, 6 p. m.

[Received November 15, 9.10 p. m.]

3145. Your 1276, November 9, 5 p. m. Following is résumé Huntington's letter to Ambassador Francis dated September 19:

Relative to operations of Tovaro-Obmien I send you letter to [of?] Vice Consul, July 14, 2 p. m., giving complete list of all drafts drawn by Poole against the appropriation of \$6,000,000; also translation of memorandum of T[ovaro-Obmien]'s operations, prepared, shortly before I left Moscow, by Darcy,<sup>2</sup> a translation of statement of textile-purchasing operations of the Central Union of Cooperatives up to the middle of August, and memorandum of our financial requirements prepared by Darcy in conjunction with our demand upon Lockhart for £600,000. Our Consulate General has in its files vouchers for all payments made for T. Our American operations were kept well within the amount appropriated, although it was insufficient.

Essential records of the T. are in Moscow, probably in French Consulate General, in Darcy's care. Some time previous to our departure Bolsheviks invaded premises of French Military Mission and Chamber of Commerce, where we had our offices, and all documents not absolutely necessary were destroyed.

Following is Lee's<sup>3</sup> letter:

Referring recent conversation with Darcy, I submit herewith a statement of T's account with the American Consulate General as follows:

<sup>1</sup> William C. Huntington, Commercial Attaché.

<sup>2</sup> Pierre Darcy, French Commercial Attaché and member of the Tovaro-Obmien.

<sup>3</sup> Frank C. Lee, Vice Consul at Petrograd; later detailed to Archangel.

			Rubles
June	29	To Huntington for trading company for advance to Cooperatives	2,000,000.00
July	15	" for trading company for flax purchases	100,000.00
"	17	Magnuson for Bukowski and trading company for American Red Cross purchases, Petrograd	1,000,000.00
"	22	" for advance to Cooperatives	1,000,000.00
"	22	" for flax purchases	115,000.00
"	24	" " "	115,000.00
"	25	" advance to Cooperatives	1,000,000.00
"	26	" " "	1,500,000.00
August	2	" " " "	8,000,000.00
"	2	"	270,000.00
"	3	" flax purchases	106,000.00
"	3	" "	40,000.00
"	3	" advance to Cooperatives	2,000,000.00
"	5	" "	2,500,000.00
"	5	Darcy for cash to Tovaro-Obmien	6,000.00
"	5	" " "	60,000.00
"	5	" flax purchases	226,046.50
"	5	" "	93,712.50
"	5	" advance to Cooperatives	90,595.00
"	5	" " "	569,000.00
"	5	Tovaro-Obmien by All-Russian Central Union Consumers' Association for advance to Cooperatives for textiles	25,000,000.00
"	16	" Miller for cash to Tovaro-Obmien	50,000.00
"	16	" for cash to Tovaro-Obmien	90,000.00
"	16	Tovaro-Obmien by Captain Webster for American Red Cross purchases	460,000.00
		Total	[sic] 46,692,454.00

## Darcy's memorandum on operations of T.:

Company has under way following more important operations:

1. Evacuation of sunflower-seed oil in the Kuban. We had considered advancing to Central Union of Cooperatives capital necessary; namely, one [hundred?] million. T. had contracted to furnish two instalments of 24,000,000. Have furnished to date 26,000,000, remainder therefore 22,000,000. Moreover, T. having difficulty in obtaining rubles, has agreed with Central Union of Cooperatives that for third instalment of 24,000,000 it will not furnish funds, but will act as insurance company and take risks of war and requisition upon itself under same conditions as outlined in the contracts for the first two cash instalments.

2. Evacuation of the textile stocks in Moscow. We had considered loaning Central Union the turnover capital necessary for this operation estimated at 100,000,000. T. has contracted to furnish first instalment of 50,000,000 upon which 25,000,000 has already been paid. Remaining 25,000,000 may be furnished in the form of £600,000 for which Central Union agrees to find equivalent in rubles and Lockhart<sup>1</sup> being requested to loan this supplemental [sum?]. As a result, if Lockhart consents, T. to fulfil its contracts with Central Union still needs 22,000,000 but it should be remarked that without taking up any new operations and merely to safe-

<sup>1</sup> Robert H. B. Lockhart, British special representative in Russia.

guard those already entered upon, T. really needs very considerable sums.

It is possible for instance that to save oil already purchased in the Kuban, T. will be forced to increase purchase price by paying certain indemnity to the sellers who received 40 rubles per pood originally under Bolshevik control, whereas price is now two [hundred] fifty rubles. Some of the oil is still in the Kuban and the sellers are seeking to retake possession so that it will be necessary to make some arrangement with them for this purpose. I should be able to furnish at least 50,000,000 rubles to the Central Union as a loan to be paid as soon as the oil is delivered to the consumer.

As to the textiles, recent agreement with [between] Germany and the Soviet government provides for payment of indemnity of 5,000,-000,000 especially in form of shipment of textiles and hides. Up to this time neither the Soviet government nor Germany have ever requisitioned goods belonging to the Central Union. It is therefore desirable to help Central Union to get hold of largest quantity possible of textiles and for this item T. needs 50,000,000. To provide for these two operations, T. ought therefore to have 100,000,000 reserve.

Finally French Government has recommended to T. to make every effort to keep flax and hemp from falling into German hands. This flax and hemp are moreover needed by all the Allies. Therefore T. ought to be enabled to buy 100,000,000 worth now located in territory in the vicinity of the German occupation which is for sale by the holders and to hold it in a safe place until it can be exported.

I am unable to discover in the archives any copy of the other statement and memorandum mentioned by Huntington in his letter to Ambassador.

WHITEHOUSE

File No. 103 96/1536

*The Minister in Sweden (Morris) to the Secretary of State*

[Telegram]

STOCKHOLM, November 20, 1918, 6 p. m.

[Received November 21, 12.55 a. m.]

3194. War Trade Board from Owen:<sup>1</sup>

I would ask you to consider advisability of War Trade Board Russian Corp. working in conjunction with the Russian Cooperative Alliances and the Moscow Narodny Bank for the purpose of purchase and sale of products in Russia. This would appear a good method of circulating the new ruble issue. Doctor Huntington of the Department of Commerce recently arrived in America will give you full information relative these cooperative institutions. Tapiski, director of the Russian Flax Growers' Cooperative Association and member of board of Narodny Bank, is now in London. He may be found at Narodny Bank, London branch. I fear he will make some deal with English bankers as I could not give him any hopes of your buying flax when he was in Stockholm. I suggest that you in-

<sup>1</sup> See footnote 1, *ante*, p. 162.

struct Sheldon to ask Tapiski not to commit himself to any private British group until you have time to consider possibility of War Trade Board Russian Corp. working with his organizations or in conjunction with some Allied body. Berkenheim, head of the combined cooperative institutions, also member of Narodny Bank board, will arrive Stockholm shortly. I hope you can authorize me to treat with him. I understood these cooperative institutions are not of Bolshevik character; also, that they have been very successful and have considerable power.

Copy to London.

MORRIS

File No 661.119/304b

*The Acting Secretary of State to the Consul at Archangel (Cole)<sup>1</sup>*

[Telegram]

WASHINGTON, December 5, 1918.

[From War Trade Board]:

19. Following press notice expressing the purposes of the Russian Bureau was issued Saturday [November 30]:

The War Trade Board of the United States Russian Bureau, Inc., is a company which has been organized by the War Trade Board at the direction of the President for the purpose of helping the Russians to help themselves in stabilizing the economic situation in Russia. It has a capital of \$5,000,000 which has been issued and paid up in cash out of Government funds and the stock is owned in its entirety by the United States Government.

The company will engage in the business of exporting to Russia and Siberia, agricultural implements, shoes, clothing, and other commodities which the Russian population need, bringing back Russian and Siberian raw materials in return. The company thus is intended to aid in supplying the needs of the people of Russia, in encouraging Russian production and trade and assisting in the marketing of Russian products in America and their exchange for American goods. One of the chief objects which the company will have in view will be the encouragement of private capital to engage in trade in Russia and Siberia, as shipping becomes available for the purpose. Its policy will be to cooperate with, encourage and promote such trade with Russia as will assist in the rehabilitation of her economic life, and only to cover by its direct operations such portions of the field as can not at present be served readily by private capital.

The company has already begun the transaction of business by the dispatch of three vessels from the Pacific coast to Vladivostok carrying commodities which its representative in Siberia has designated as being most urgently needed there. By addressing the Russian Bureau, persons interested in Russian trade may receive more

<sup>1</sup> The same, on the same date, to the diplomatic representatives in Japan (No. 150); Great Britain (No. 3257, for Sheldon, No. 1778); and Sweden (No. 1345, for Owen, No. 119); and to the Consul at Vladivostok (for Heid, No. 43).

detailed information as to the commodities most needed by Russia and the commodities likely to be available for export from Russia. Additional vessels will from time to time be scheduled and shippers are urged to file applications for licenses to export to Russia such commodities as they know to be needed.

POLK

File No. 661 119/3041

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*The Acting Secretary of State to the American Commission to Negotiate Peace, at Paris*

[Telegram]

WASHINGTON, December 24, 1918, noon.

118. For the Secretary of State from McCormick [War Trade Board].

I wish to bring to your attention the following with regard to the Russian situation:

Since the conclusion of the armistice, the general condition of world trade has altered very materially, and this alteration has greatly increased the accessibility of Russia to foreign traders. The cessation of hostilities has made it necessary for the War Trade Board to relax, to a large extent, their restrictions upon exports and imports with respect to almost every country of the world, because the necessity of conserving our own domestic resources through export restrictions and conserving tonnage through import restrictions has practically disappeared. The War Trade Board feel that they can not effectively prevent trade with Russia through China and Japan and it is now possible to trade freely with Russia through China and Japan without any reference whatsoever to the control of the War Trade Board. The only means of controlling such transit traffic is by requiring in the case of exports through China or Japan a guarantee against reexport, but this control is at best an ineffective one and not susceptible of complete enforcement, and accordingly we do not regard it as practicable. It appears that there is available for Russian trade an amount of shipping which is more than sufficient to carry all the commodities which the Russians are able to absorb under the present chaotic conditions.

It has therefore become apparent to us that our present system of control is becoming less and less effective and that any attempt to control Russian trade through the medium of an export and import control in the United States and in the associated countries will prove abortive; and that if it is desirable to continue the supervision and direction of Russian foreign trade, this can be effected only through the adoption of some comprehensive scheme for a control by the Associated Governments of all merchandise entering or coming from Russia and Siberia; and it further appears that any such scheme must involve the establishment of an inter-Allied control upon Russian ground and the establishment of control organizations at all the gateways of Russia.

For these reasons I am hoping upon my arrival in Paris to be able to present to you the views of the War Trade Board upon the recent developments in the Russian situation.

The foregoing concerns vitally the future of corporation known as the "War Trade Board of the United States Russian Bureau, Inc.," which was organized with a capital of \$5,000,000 allotted by Executive order from the appropriation for national security and defense. This corporation commenced to accomplish, under war conditions permitting of an effective control, many useful functions in connection with the plan to render economic aid to Russia by stimulating and cooperating with private enterprise, and at the same time controlling and directing exports to Russia. At the time of its incorporation, the need for such an organization was apparent, as the world-wide shortage of many commodities and the scarcity of ocean transportation, together with conflicting interests of various governmental departments, created such a situation that economic assistance could be effected only through the medium of a company which was authorized to engage in trade, and which at the same time operated under government auspices. The relaxation of the export and import control, particularly with respect to the countries adjoining Russia, and the general improvement of the tonnage situation and the consequent probability that uncontrolled private trade with Russia will soon revive on a considerable scale, have all placed this corporation in an anomalous position, because the company has become, or will soon become, a competitor of American and foreign private capital without at the same time being able to effect a proper control of Russian trade which was one of the primary reasons for its existence. It is quite likely that such competition unaccompanied by the accomplishment of the original purpose of controlling Russian trade for the benefit of the Russian people will be resented both by the public and by the commercial interests and governments of friendly countries.

Until further developments, the Russian Bureau, Inc., will continue to perform such useful functions as will assist the Russian situation, at the same time incurring no obligations which can not be fully discharged upon the dissolution of the War Trade Board, or be properly accomplished through the permanent governmental departments. The corporation will continue its organizations here and in Russia so that they may be prepared to be the nucleus of an organization to carry out a more comprehensive inter-Allied program, should it be desirable to utilize the company for this purpose.

POLK

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File No 861 48/785

*The Chargé in Russia (Poole) to the Secretary of State*

[Telegram]

ARCHANGEL, December 30, 1918, 5 p. m.

[Received January 1, 1919, 7.44 a. m.]

705. Pursuant to Department's 336 [326], October 26, 4 p. m.,<sup>1</sup> inventory has been completed of merchandise now at Murmansk, showing total value of \$150,000. Distribution will begin at once under

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<sup>1</sup>Ante, p. 159

direction of Lieutenant Bukowski of the office of the military attaché and a representative of the provisional government. Report follows by mail.<sup>1</sup>

It appears from telegrams received by the provisional government from the Russian Embassy at Washington, that certain further consignments are *en route* from America in charge of Engineer Malishevski. I have informed the provisional government that in the absence of other instructions from the Department this Embassy will not further participate in distribution. I have explained that this decision has been taken not because the Embassy is unwilling to help, but out of deference for the principle of leaving consistent activities as far as possible entirely in Russian hands.

POOLE

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Chinese Embargo on Exports to Siberia: Withdrawal at the Instance of  
the United States

File No 600 939/32

*The Minister in China (Reinsch) to the Secretary of State*

[Telegram]

PEKING, January 28, 1918, 5 p. m.

[Received January 29, 3.37 p. m.]

At the instance of British Minister, the Chinese Government has prohibited every kind of exportation from Manchuria into Siberia. It is probable exception will be issued in favor of merchandise in transit to Vladivostok for export. Please instruct whether you desire me to assent to this prohibition as expected it affects merchandise owned by Americans.

American Consuls Harbin and Vladivostok report people of Irkutsk and Vladivostok protest against prohibition of foodstuffs exported.

REINSCH

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File No 600 939/32

*The Secretary of State to the Minister in China (Reinsch)*

[Telegram]

WASHINGTON, February 2, 1918, 3 p. m.

Your January 28, 5 p. m. The American Government can not assent to the prohibition of the export to Siberia of merchandise owned by Americans. You will so represent to the Foreign Office and say that in the opinion of the American Government any embargo on exports to Siberia, particularly at this time, is inadvisable.

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<sup>1</sup> Not printed.

The attitude of this Government towards the Bolsheviks is set forth in the President's recent address to Congress<sup>1</sup> and in Department's telegrams of January 16, 4 p. m.,<sup>2</sup> and January 21, 7 p. m.<sup>3</sup>

LANSING

File No. 661 989/11

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, February 2, 1918, 9 p. m.

[Received 12.02 p. m.]

2321. Have conferred with Chinese Minister who says embargo on exports to Russia placed by his Government on the request of Allies; if so, think mistake certainly as regards foodstuffs. Chinese Minister wiring recommending raising thereof in which I recommend your assistance. Soviet threatening reprisals which would be serious as many thousands Chinese in Russia. Furthermore very desirable be no more differences between our Allies. Five Allied Ambassadors meet here this afternoon to consider situation. Just received telegram dated January 31 from American Consul, Vladivostok, asking whether Americans safe and if communication with you interrupted. Have you not received our cables regularly?

FRANCIS

File No. 600 989/32

*The Acting Secretary of State to the Ambassador in Japan (Morris)<sup>4</sup>*

[Telegram]

WASHINGTON, February 4, 1918, 5 p. m.

On January 28 the American Minister at Peking telegraphed that the Chinese Government had prohibited all exports from Manchuria into Siberia. He thought it probable, however, that exception would be made in favor of merchandise in transit to Vladivostok for export.

On February 2 the Department instructed the American Minister at Peking that the American Government could not assent to the prohibition of the export to Siberia of merchandise owned by Americans. He was instructed so to inform the Foreign Office and say that in the opinion of this Government any embargo, particularly at this

<sup>1</sup> The President's address to Congress of Jan 8 stated war aims and attitude toward Russia.

<sup>2</sup> Vol. II, p. 28, footnote 2.

<sup>3</sup> *Ibid.*, p. 31, footnote 1.

<sup>4</sup> The same, *mutatis mutandis*, on the same date, to the Ambassadors in France (No. 8141) and Great Britain (No. 6441), and to the Consul at Vladivostok.

time, on exports to Siberia was inadvisable and his attention was called to the attitude of this Government towards the Bolsheviks as set forth in the President's recent address to Congress and in the Department's telegram of January 21, 7 p. m., which was a copy of one sent to you January 20, 6 p. m.<sup>1</sup>

POLK

File No. 600 939/36a

*The Acting Secretary of State to the Ambassador in Russia  
(Francis)*

[Telegram]

WASHINGTON, February 6, 1918, 7 p. m.

2047. Your 2321, February 2, 9 p. m. Department now informed embargo by Chinese placed at instance British Minister at Peking. We have informed Chinese Government that the American Government can not assent to the prohibition of the export to Siberia of merchandise owned by Americans and that in our opinion any embargo on exports to Siberia, particularly at this time, is inadvisable. The Department has further advised both British and French Governments that, for the present, we feel it is important an impression should not be created in the minds of the Russian people that they are being abandoned by the Allies or the United States and that consequently we are permitting to go forward, both via Kola and via the Pacific, all supplies, other than munitions, for which tonnage can be found. These supplies now include railway material, agricultural machinery, binder twine, shoes and leather, and Red Cross and other supplies for civilian population. Attitude of this Government towards Russia defined by President's address to Congress. Two ships now loading at Pacific port, another at New York for Kola.

POLK

File No. 600 939/34a

*The Secretary of State to the Minister in China (Reinsch)*

[Telegram]

WASHINGTON, February 14, 1918, 4 p. m.

Department's February 2, 3 p. m. Has Chinese Government removed embargo on food exports to Siberia? If not, renew representations and telegraph result. It is reported to the Department that Bolsheviks are retaliating.

LANSING

<sup>1</sup> Vol. II, p. 31.

File No 600 939/35

*The Minister in China (Reinsch) to the Secretary of State*

[Telegram]

PEKING, February 19, 1918, 7 p. m.

[Received 9 p. m.]

Your February 14, 4 p. m. Foodstuffs are now allowed to go to Irkutsk and points east thereof under consular control. On account of the situation in Siberia I request authority to instruct Consuls not to demand the right of export to Siberia in behalf of American merchandise unless reasonably assured of non-enemy destination.

REINSCH

File No 600 939/35

*The Secretary of State to the Minister in China (Reinsch)*

[Telegram]

WASHINGTON, February 23, 1918, 3 p. m.

Your February 19, 7 p. m. Department does not desire to obstruct in any way exports of foodstuffs to districts in Siberia where urgently needed to relieve distress. It has no objection, however, to consular officers assuring themselves that American merchandise so exported has no enemy destination, that is, will not be reexported to Germany or Austria or reach agents of either of those Governments. Possibly situation would be helped if exports to Siberia could be consigned to responsible local authorities for distribution in districts needing relief.

LANSING

File No 661 939/1

*The Secretary of State to the Minister in China (Reinsch)*

[Telegram]

WASHINGTON, April 25, 1918, 5 p. m.

Following from Francis:

Acting Commissaire Foreign Affairs wires from Moscow to-day (April 22):

According to communications received we learn that in accordance with the circular of the chief inspector of the Chinese customhouse dated January 22, the Chinese Government has prohibited exports into Russia of different goods, tea among others, from China and Manchuria. Presume this prohibition made by the Chinese Government with the consent of the Allies is but a misunderstanding. We request to immediately give the order to have this prohibition annulled.

Department has replied giving substance of your January 28, 5 p. m., and February 19, 7 p. m., and the Department's telegrams to

you of February 2, 3 p. m., February 14, 4 p. m., and February 23, 3 p. m. What is present status of embargo matter?

LANSING

File No 661 939/2

*The Consul at Vladivostok (Caldwell) to the Secretary of State*

[Telegram]

V LADIVOSTOK, April 27, 1918, 6 p. m.

[Received 6.45 p. m.]

Following telegram sent Peking:

April 27, 2 p. m. I am convinced Chinese embargo on shipments to Russia serving no useful purpose as supplies would not reach Germany from eastern Siberia. It is causing resentment Siberian Russians toward Allies and makes unnecessary work for Consular Corps here and Harbin and should be removed which might be possible now at least for foodstuff for Priamur district. Could you take up matter again? Am sending copy of this telegram to Department.

CALDWELL

File No 661 939/3

*The Minister in China (Reinsch) to the Secretary of State*

[Telegram]

PEKING, April 30, 1918, noon.

[Received April 30, 10.17 a. m.]

Referring to your telegram April 25, 5 p. m. There is no change in the embargo matter. The Chinese Government feels embargo is a great detriment but will maintain it for the sake of Allies while they insist. The British and French Governments continue to insist on embargo, Russian Minister believing that export of foodstuffs to regions east of Irkutsk not dangerous but desirable.

REINSCH

File No. 661.939/5a

*The Secretary of State to the Ambassador in Japan (Morris)<sup>1</sup>*

[Telegram]

WASHINGTON, May 1, 1918, 8 p. m.

Please say to the Minister for Foreign Affairs that information received by the American Government is to the effect that the embargo enforced by China on shipments to eastern Siberia is causing hardship to the people of that region whose resentment is directed against the Allies. The American Minister at Peking reports that

<sup>1</sup> The same, on the same date, to the Ambassadors in Great Britain (No. 7529) and France (No. 3796).

the Russian Minister there believes that the export of foodstuffs to regions east of Irkutsk is desirable and would not be dangerous.

The American Government is informed that the embargo serves no useful purpose since supplies from eastern Siberia can not reach Germany. The American Government therefore believes it advisable that the embargo be removed and is disposed to think that China would be glad to remove it if so advised by the Allied Governments.

The American Government will be glad to know that the Government to which you are accredited is disposed to instruct its representative at Peking in this sense.

LANSING

File No 661 939/6

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*The Ambassador in Great Britain (Page) to the Secretary of State*

[Telegram]

LONDON, May 16, 1918, 2 p. m.

[Received 5.39 p. m.]

10082. I communicated to Mr. Balfour your 7529, May 7 [1], 8 p. m., regarding embargo on exports of foodstuffs from China to Russia. He states that in February last embargo was relaxed in such a way as to permit passage of foodstuffs from Harbin eastward to Vladivostok and western Russia to Irkutsk upon certificates from Allied Consuls. Mr. Balfour is not quite clear from reports received whether dispatch of foodstuffs westward was permitted to districts between the Manchurian frontier and Irkutsk or only to Irkutsk itself. There seems to be no reason why foodstuffs should not be sent to parts of Siberia east of Irkutsk as promptly as possible. British Minister at Peking has been telegraphed on the subject and Mr. Balfour promises definite answer upon receipt of his reply.

PAGE

File No 861 77/397

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*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, May 21, 1918, 7 a. m.

[Received 12.40 p. m.]

Chinese Eastern asking if embargo at Manchuria Station can not be raised at once enough to enable it to supply their workers who are repairing damaged railway west and restoring transportation. I think they have a feeling that in keeping embargo the Allies are not neutral towards them.

STEVENS

File No. 661 939/11a

*The Secretary of State to the Consul at Harbin (Moser)*

[Telegram]

WASHINGTON, May 23, 1918, 4 p. m.

Stevens's telegram of May 21, 7 a. m. The Department has had no reply as yet to its suggestions made on May 1 to Japan, Great Britain, and France, of which you were informed by the Legation. The American Government has not changed its attitude which has at no time favored the embargo. If embargo should be lifted now would it bring complaint of unneutral partiality towards Semenov?

LANSING

File No. 661 939/8

*The Ambassador in France (Sharp) to the Secretary of State*

[Telegram]

PARIS, May 27, 1918, 6 p. m.

[Received May 28, 7.20 a. m.]

4001. Your 3796, May 2 [1], 8 p. m.<sup>1</sup> Have just received letter from Minister for Foreign Affairs stating that following my personal presentation to him of this matter he consulted the French Minister at Peking regarding the possibility of carrying out our Government's suggestion inasmuch as it seemed advisable to ascertain what effects might result therefrom in regard to the revictualing of [eastern?] Siberia where the enemy daily gains ground thanks to Bolshevik help and that of German and Hungarian [prisoners?]

M. Pichon writes me at present largely expedient to maintain as a whole the embargo in [force?] by Chinese Government though it might be possible to attenuate its rigor in a certain measure by granting export authorizations in such cases where exportations can be watched and guaranteed. The Minister believes that this solution would be the best to insure the desired protection and hopes that the Federal Government will thus appreciate it.

SHARP

File No. 661 939/7

*The Secretary of State to the Minister in China (Reinsch)*

[Telegram]

WASHINGTON, May 28, 1918, 3 p. m.

Warner<sup>2</sup> telegraphs that there is great need of food in the Priamur<sup>1</sup> See footnote 1, *ante*, p. 176<sup>2</sup> Langdon Warner, Vice Consul at Harbin

and says investigation shows it impossible for food to fall into the hands of the enemy when shipped to that region.

The American Government would be glad to see the embargo lifted from food shipments to Priamur. The Department has received no reply to its telegrams of May 1 to Tokyo, London, and Paris concerning embargo.

LANSING

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File No. 661 939/9

*The Chargé in Great Britain (Laughlin) to the Secretary of State*  
[Telegram]

LONDON, May 28, 1918, 5 p. m.

[Received 7:33 p. m.]

10298. My 10082, May 16, 2 p. m.<sup>1</sup> regarding embargo on exports of foodstuffs from China to Siberia. Mr. Balfour has received telegram from British Minister Peking who appreciates your view expressed in your 7529, May 1, 8 p. m., that the rigid enforcement of embargo has been causing some ill feeling against the Allies. Mr. Balfour has informed Sir J. Jordan that the British Government concur in the proposal to raise the embargo as far as applies to districts east of Semenov's<sup>2</sup> present position, as food sent to the country already covered by Semenov's advance does not appear to be in danger of being diverted further west or reaching undesirable destination. From reports which have reached Mr. Balfour there is little prospect owing to disturbed conditions and transport difficulties of supplies being sent to Irkutsk or to districts west of Onon [Omsk?]. Sir J. Jordan has been informed he may agree at his discretion to dispensations from the embargo being granted if and when arrangements for transport to places west of Semenov's position are practicable provided always that the danger of foodstuffs falling into the hands of enemy agents can be prevented.

The French Minister at Peking is inclined to insist upon rigid application of the embargo but Mr. Balfour is communicating the foregoing views to the French Government and urging that similar instructions be sent to their Minister.

LAUGHLIN

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<sup>1</sup> See telegram No. 10082 from Ambassador Page, *ante*, p 177

<sup>2</sup> Ataman of the Far Eastern Cossacks.

File No. 661.939/10

*The Minister in China (Reinsch) to the Secretary of State*  
[Telegram]

PEKING, May 31, 1918, 6 p. m.

[Received May 31, 4.11 p. m.]

Your May 28, 3 p. m. French Minister still objects to shipment. Others have no objection. I beg to suggest further conversations with Paris.

REINSCH

File No. 661.939/8

*The Acting Secretary of State to the Minister in China (Reinsch)*  
[Telegram]

WASHINGTON, June 10, 1918, 2 p. m.

Your May 31, 6 p. m. Telegram from Ambassador Sharp dated May 27 states that French Government still believes embargo should be maintained, though its rigors may be attenuated by granting export authorizations in cases where exportations can be watched and guaranteed. French Government believes that this plan offers best solution.

Embassy at London telegraphed on May 28 that British Government concurs in proposal to raise embargo on supplies which are not in danger of reaching the enemy. British Government has communicated these views to French Government.

American Government has been opposed from the beginning to the embargo and it does not believe that specific shipments of American-owned goods should be prevented from going forward.

POLK

File No. 661.939/15

*The Consul at Harbin (Moser) to the Secretary of State*  
[Telegram]

HARBIN, June 20, 1918, 3 p. m.

[Received June 20, 12.02 p. m.]

Commissioner Chinese Customs informed consular body to-day of complete removal of embargo against export to Russians' territory by Chinese Government. Please inform War Trade Board that as greatest bulk of imports to Harbin are intended for sale to buyers in Russia and there is now no means for controlling transactions of any of the merchant firms at Harbin, the consulate can not accept any responsibility for the destination of any goods shipped to Harbin or offer any assurance that they may not fall into the hands of the enemy.

An identical telegram, in which I could not join, was sent to-day by the Japanese, British, and French consular representatives to their respective Ministers at Peking . . . .

MOSER

File No 661 939/16

*The Minister in China (Reinsch) to the Secretary of State*  
[Telegram]

PEKING, June 24, 1918, 4 p. m.

[Received June 24, 11.22 a. m.]

The Chinese Government has canceled embargo on exports to Siberia.

REINSCH

File No 661 939/18

*The Chargé in China (MacMurray) to the Secretary of State*  
[Telegram]

PEKING, July 2, 1918, noon.

[Received 7.55 p. m.]

Legation's telegram June 24, 4 p. m. Under instructions of his Government French Minister is urging upon the Chinese Government resumption of embargo on exports to Siberia and informs me that the Chinese Government is prepared to accede if such action is deemed necessary as a war measure by the Allies. The British and Japanese legations are disposed to support French representations. French Minister expresses the hope in view of new situation created by the action of the Czecho-Slovak troops at Vladivostok and west of Irkutsk our Government may consider it advisable to modify the policy indicated in your telegram of June 10, 2 p. m.

I beg to request early instructions as to your views as British Minister, as dean of the Allied representatives, is endeavoring to delay further action by his colleagues until I am in position to state whether or not recent developments have induced any alteration in your attitude towards this question.

MACMURRAY

File No 661 939/18

*The Secretary of State to the Chargé in China (MacMurray)*  
[Telegram]

WASHINGTON, July 5, 1918, 5 p. m.

Your July 2, noon. The American Government sees no reason to modify its attitude towards embargo. Destination of American ex-

ports is controlled by strict system of export licenses. Department suggests Chinese Government might find it advisable to adopt similar system. Czecho-Slovak control of railway would appear to make embargo less necessary than ever.

LANSING

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File No. 661 939/21

*The Chargé in China (MacMurray) to the Secretary of State*

[Telegram]

PEKING, August 17, 1918, 8 p. m.

[Received August 17, 2.38 p. m.]

Your telegram of July 5, 5 p. m. In view of the complete control of Blagoveshchensk and Khabarovsk by Bolshevik and enemy forces, the British Government has instructed Legation to urge upon the Chinese Government the necessity of prohibiting the passage of supplies thither by Sungari River. This appears to be a particular measure of military necessity, as distinguished from general embargo, and I beg to request authorization to support British representatives if necessary.

MACMURRAY

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File No. 661 939/21

*The Secretary of State to the Chargé in China (MacMurray)*

[Telegram]

WASHINGTON, August 21, 1918, 6 p. m.

Your August 17, 8 p. m. You are authorized as you request to support the British Legation in urging the Chinese Government to prohibit passage of supplies to enemy forces.

LANSING

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File No. 661 939/22

*The Chargé in China (MacMurray) to the Secretary of State*

[Telegram]

PEKING, August 31, 1918, 8 p. m.

[Received 10.25 p. m.]

My telegram August 19 [17?], 8 p. m., and your August 21, 6 p. m. The Chinese Government has suspended trade by the Sungari River.

MACMURRAY

## CHAPTER IV

### ASSISTANCE IN RAILWAY TRANSPORTATION

Arrangements for an American Commission under John F. Stevens to Investigate and Advise Regarding Operation of the Trans-Siberian Railway and to Control the Forwarding of American Supplies through Vladivostok, April 1917—Measures to Expedite the Delivery of Railway Material Ordered in the United States—Arrival of the Commission at Petrograd, June 12, 1917; Arrangements for Its Work—Request for a Force of American Operators and Shopmen as Instructors—Improvements Effected by the Commission—Designation of Stevens as Adviser for the Entire Russian Railway System

File No 861 77/55

*The Secretary of War (Baker) to the Secretary of State*

WASHINGTON, March 31, 1917.

[Received April 2.]

MY DEAR MR. SECRETARY: This morning at a meeting of the Council of National Defense, Mr. Stanley Washburn made an address in which he urged the importance of the Trans-Siberian Railroad to Russia and likewise urged the importance of Russia in the European war. He suggested that the sending of some expert railroad operators from America to Russia would be an effective aid to that country's transportation system and would be accepted by the Government and people of Russia as an evidence of our sympathetic desire to cooperate with them.

Mr. Daniel Willard, President of the Advisory Commission,<sup>1</sup> warmly supported the idea, and offered to undertake to send to Russia a small group of experienced and competent railroad men to go over this railroad, analyze its needs, and return to this country with a report which would show just what, in material and men, is needed to increase the efficiency of its operation.

I suggested that before such a thing were done, the President's judgment should be taken; and I therefore conferred with the President, and he asks me to request you to send to the American Ambassador at Petrograd the following despatch.

[Here follows the text of telegram No. 1288 of April 2, 1917, from the Secretary of State to the Ambassador in Russia, *post*, page 184.]

I have [etc.]

NEWTON D. BAKER

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<sup>1</sup> Of the Council of National Defense.

File No 861.77/45

*The Ambassador in Great Britain (Page) to the Secretary of State*

[Telegram]

LONDON, March 31, 1917, 2 p. m.

[Received March 31, 2 p. m.]

5923. I learn from a private and apparently trustworthy source that one of the critical problems of the new Russian Government is the proper management of the Trans-Siberian Railway. It has been suggested to me by a man who knows Russia that American management would greatly help the Russian military situation and prove to be also an invaluable key after the war to industrial development. This seems so important a suggestion looking towards future American-Russian trade that I send it for your investigation if you think wise. I have no first-hand facts.

PAGE

File No 861.77/45a

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 2, 1917, 3 p. m.

1288. Would the Russian Government welcome an inspection of the Trans-Siberian Railroad by six American railway experts, with a view to making a report for the use of the Russian Government as to how the efficiency of the railroad can be increased, with possible suggestions as to equipment and expert assistance from America if agreeable to the Russian Government?

LANSING

File No 861.77/46

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, April 9, 1917, 8 p. m.

[Received April 10, 3.25 p. m.]

1167. Minister for Foreign Affairs informs me by telephone that Government authorizes him to say that commission mentioned in your No. 1288 will be welcomed by Russia stating that it will be pleased to learn how Siberian Railway can be made more efficient. Written reply will be received to-morrow when if differs herefrom shall cable again. Am sending this promptly because Russia sorely needs improved transportation and no time should be lost in securing same.

FRANCIS

File No. 861.77/48

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, April 11, 1917, 7 p. m.

[Received April 12, 3 p. m.]

1179. Your 1288. My 1167. Written consent for [expert] commission not yet received. Learn confidentially it was given reluctantly and know that Russian nature resents outside advice, furthermore such a commission would require two months or more before beginning investigation, and by the time its report completed summer be well advanced, if not ended. Russia's engineering and operating men very competent, difficulty not been with them, but with Government itself, whose sincerity in pushing war was suspected, and now openly questioned. Transportation congestion now most serious handicap, and requires immediate remedy. Government would appreciate and be highly pleased if we could expedite completion of railroad equipment contracts. Will you not please see Baldwin and American Locomotive Companies, Pressed Steel Car, American Car and Standard Car Companies, and also American railroads for which those companies have contracts, or certainly portion thereof, and thus enable prompt completion and shipment of Russian commitments? This is exceedingly important. Please answer.

FRANCIS

File No. 861.77/48

*The Secretary of State to the Ambassador in Russia (Francis)*  
[Telegram]

WASHINGTON, April 16, 1917, 5 p. m.

1324. Your 1179. You may inform Russian Government that there was a meeting to-day of the representatives of the car manufacturers and of the locomotive manufacturers having orders for the Russian Government. They agreed to give precedence to these offers over any orders for domestic consumption. The railroads have agreed to help in seeing that the manufacturers obtain the raw materials promptly and also in seeing that the orders, when completed, are shipped promptly. It is believed that all possible speed will be given to these orders.

LANSING

File No. 861 77/52

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, April 18, 1917, 7 p. m.

[Received April 19, 11:45 a. m.]

1200. Communicated contents of your 1324, April 16, 5 p. m., to Government which greatly pleased therewith, and desires to make announcement of contents through public prints. I see no objection.

The plan sent to-day by military attaché to War College in his code is the result of conferences between him and Russian Government.<sup>1</sup> I have conferred on this subject several times with Milyukov.<sup>2</sup> We approve plan as submitted. Military attaché says approved by Russian war department. I again urge prompt action for improving transportation facilities. Strong practical operating man should be sent Vladivostok immediately, where congestion deplorable and increasing.

FRANCIS

File No. 861.77/58

*The Russian Embassy to the Department of State*

[Translation]

WASHINGTON, undated.

[Received April 21, 1917.]

1. Since the declaration of war, the Government of the United States of America is able to demand of all the factories in the country priority in filling military orders; moreover, several factories will be specially adapted to the requirements of the war. In this manner the periods for the filling of war orders will be considerably shortened and the amount of the orders will be increased.

2. The United States will furnish Russia a large quantity of rolling stock for the railroads of Russia, as well as rails and other materials necessary for the development of the Russian railroad systems. It is possible to obtain the necessary rolling stock for Russia from the supply already completed in America, without waiting for new orders to be filled. Furthermore, necessary changes will be made within the shortest period enabling the Russian railroad lines to be supplied with American locomotives and cars.

3. An adequate space will be reserved without delay at Vladivostok for the construction of warehouses for merchandise to be sent from America. Likewise a part of the wharf will be adapted for the simultaneous unloading of twenty-five steamships. At the same time

<sup>1</sup> The plan was also received through the Russian Embassy, Apr. 21, *infra*.

<sup>2</sup> From March to May 1917 Russian Minister of Foreign Affairs

the workshops and storehouses at Vladivostok and at other points will be suitably arranged with the consent of the Russian Government. The lighters, storehouses, workshops, etc., reserved for the merchandise will be placed at the disposal of a special officer who will arrive from America as soon as possible with the necessary staff. The legal conditions governing this cooperation will be established later on.

4. Officers, engineers, and foremen will start at once from the United States to examine the wharves, storehouses, and workshops at Vladivostok and Harbin intended for the cargoes and railroad equipment from the United States.

5. American engineering experts will be asked by the Russian Government to study the questions relating to the operation and efficiency of the railroad companies of Ussuri, eastern China, and Siberia, and to give their opinion as to the improvements in the Russian military supply service by the United States.

6. American engineers will be sent immediately to study the above-mentioned railroads and elaborate measures looking to an increase in their traffic, to the construction of a double track and sidetracks, workshops, and depots, and to ascertain at once all the needs of these railroads and have the necessary orders placed in the United States.

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File No. 861 00/327

*The Ambassador in Russia (Francis) to the Secretary of State*

[*Telegram—Extract*<sup>1</sup>]

PETROGRAD, April 21, 1917, 3 p. m.

[*Received April 23, 9.30 a. m.*]

1211. . . . Very important, however, that congestion at Vladivostok and on Siberian Railway be relieved by prompt shipment of railroad equipment and arrival of strong experienced manager. Situation offers excellent opportunity which our ablest managers should be ambitious to embrace. British Ambassador tells me unofficially that he recommends Russian Government to give us control at Vladivostok and of entire Siberian Railway. English have control at Archangel.

FRANCIS

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File No. 861 77/58

*The Secretary of State to the Ambassador in Russia (Francis)*

[*Telegram—Extract*]

WASHINGTON, April 21, 1917, 5 p. m.

1345. Russian Embassy has to-day presented a memorandum being a draft program which has been elaborated by the Russian Govern-

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<sup>1</sup> Printed in full in vol. I, p. 27.

ment and the United States military attaché, the last three paragraphs of which are as follows:

[Here follow the last three paragraphs of the communication from the Russian Embassy to the Department of State, *ante*, page 186.]

Department assumes that this is sufficient answer to its 1288 of April 2, and will therefore proceed at once to send the commission of railroad experts to Russia unless hearing immediately from you to the contrary.

Department still awaiting reply to its telegram of a week ago regarding the visit of the other commission.<sup>1</sup>

LANSING

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File No. 861.77/59

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, April 24, 1917, 6 p. m.

[Received April 25, 10 a. m.]

1218. Your 1345. Urgently recommend commission of railroad experts be sent Vladivostok immediately. . . .

FRANCIS

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File No. 861.77/59

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 28, 1917, 6 p. m.

1361. Your 1218, April 24, 6 p. m. Commission of railroad experts are prepared to start for Vladivostok within five days.

LANSING

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File No. 861.51/140

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram—Extract<sup>2</sup>]

PETROGRAD, April 29, 1917, 8 p. m.

[Received April 30, 6.30 a. m.]

1236. . . . Callers [two Russian Ministers] told me Ministry resented suggestion of British Ambassador that Siberian Railway be turned over to us, saying Russia does not need nurses but had agreed directly with us concerning Vladivostok and had

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<sup>1</sup> The Root mission; see telegram No. 1315, Apr. 14, vol. I, p. 107.

<sup>2</sup> Printed in full, *ante*, p. 6.

candidly told me yesterday of their wishes and requirements in White Sea. You see their sensitiveness especially [as concerns] England.

FRANCIS

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File No. 861 77/64a

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, May 3, 1917, 5 p. m.

1372. Mr. John F. Stevens has been requested to head a commission of expert railroad officials which will leave for Russia within the next week via Vladivostok. Mr. Stevens is perhaps best known by his connection with the early planning and construction in connection with the Panama Canal. The work which he laid out and the plans which he formulated were finally carried through to completion by General Goethals. Mr. Stevens has also had extensive experience in the location of railways, notably the Great Northern, which line he located across the Rocky and Cascade ranges. He has superintended the construction also of many other notable pieces of engineering work.

The personnel of his party will be made up of men who have had well-recognized experience. This committee is being sent in the hope that it may be able to ascertain ways in which this country can be helpful to Russia during this present great emergency. It is believed that an examination of Russian railroads will disclose methods whereby we will be able to render immediate and valuable assistance. It is not improbable, that with slight changes, equipment now being built for American railroads may be so changed as to fit the Russian gauge and requirements, and it is with that thought now in mind that the commission is being sent.

LANSING

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File No. 861.77/116

*The Ambassador in Russia (Francis) to the Secretary of State*  
No. 746

PETROGRAD, May 2/15, 1917.

[Received July 2.]

SIR: I am writing you hastily in order that the representative of the Department of Ways of Communication, Mr. Mitinski, who leaves for Vladivostok at 7.50 this evening, may take same to Vladivostok in order to insure its transmission to you at the earliest possible date. We shall send a government pouch by the special train leaving with the Russian commission two days later.

I enclose copy of the letter of introduction given Mr. Mitinski to be presented to John F. Stevens.<sup>1</sup> My understanding with the Minister of Ways of Communication is clear and definite to the effect that Mr. Stevens will be given absolute control of the terminals at Vladivostok and the Minister has assured me that his representative, Mr. Mitinski, will be authorized to transfer such control to Mr. Stevens.

The numerous and unexpected changes in the Ministry of the past forty-eight hours has so occupied every member thereof that it has been impossible for me to procure from Mr. Nekrasov<sup>2</sup> a definite statement of Mr. Stevens's authority in writing as I should like to have, but I hope to secure same before the [Bakhmeteff] commission leaves which will be two days from now, May 17, at 7.50 p. m., on a special train for Vladivostok. That special train will remain at Vladivostok subject to the use and convenience of Mr. Stevens and his assistants.

I am sending with the commission on the special train two interpreters for the use of Mr. Stevens and his commission. They are Prof. F. A. Golder and Mr. Eugene Prince. Your cable authorized me to select the interpreters and, as cabled you, I preferred to send Americans. Professor Golder has been in Petrograd for some months and with your consent has been given access to the records of the Embassy in the preparation of a history of the diplomatic relations between our Government and Russia. Eugene Prince is thoroughly American in sentiment and tells me he is a citizen of the United States by special act of Congress. He is a mechanician and has devoted considerable time to the construction and laying out of railroads.

I have written Mr. Stevens in detail concerning these men. I am also sending to Vladivostok to meet the commission the Military Attaché, E. Francis Riggs, with instructions to impress upon Mr. Stevens the necessity of giving immediate relief to the congestion at Vladivostok and facilitating the transportation of military supplies to the army at the front.

I shall give in another despatch to be sent by the Russian commission, additional information concerning the control to be given Mr. Stevens. My definite understanding with Nekrasov is that Mr. Stevens is to be given absolute control of the Vladivostok terminals. In order to make that control effective, he must exercise authority over all trains entering Vladivostok yards and I hope that in time

<sup>1</sup> Not printed.

<sup>2</sup> Russian Minister of Ways of Communication.

and in a very short time, that control will extend over a considerable portion if not over all the Siberian Railway.

I have cabled you to-day of the changes in the Ministry and may send you additional cable on the subject later in the day.

I have [etc.]

DAVID R. FRANCIS

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File No. 861 77/78a

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, May 15, 1917, 4 p. m.

1404. The following Advisory Commission of Railway Experts to Russia has been appointed: John F. Stevens, chairman; John G. Greiner, George Gibbs, W. L. Darling, Henry Miller, members; accompanied by Franklin Reading, secretary and disbursing officer; Edward P. Shannon, secretary; C. A. Decker, stenographer; Eugene C. Stevens, clerk; Leslie R. Fellows, stenographer.

They sailed on the 14th instant from Vancouver by the *Empress of India* and will arrive at Vladivostok.

Advise Government in order that proper instructions may be sent to Russian authorities at Vladivostok.

LANSING

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File No. 861.77/78

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, May 15, 1917, 7 p. m.

[Received May 17, 9.30 a. m.]

1290. Mitinski representing Provisional Government leaves tonight for Vladivostok to meet Stevens commission. Says he is commissioned by Provisional Government to accord us the same rights the English enjoy from France at Bordeaux but can not ascertain what they are. Claims Ministry Ways of Communication making all possible use of present equipment and track and that immediate necessity requires prompt shipment of cars, locomotives, and rails, shipment of which McAdoo should expedite with all speed. Mitinski reaches Vladivostok 25th; possible Bakhmeteff commission leaving special train 17th, due Vladivostok 27th, when it will be at command of Stevens commission which Mitinski will accompany.

FRANCIS

File No. 861 77/99

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

PETROGRAD, June 13, 1917.

[Received June 16, 12.50 p. m.]

1388.<sup>1</sup> Railway commission arrived here 12th. All very well. Please publish benefit of friends.

STEVENS

File No. 861 77/110

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, June 20, 1917, 2 p. m.

[Received June 25, 4.15 p. m.]

Stevens in hospital with erysipelas, improving slowly. Have called twice. He understands situation and its requirements. Is endeavoring diplomatically to impress same on Russian authorities who apparently desire him to recommend large equipment purchases and leave. His wise policy approved by colleagues is to require more effective operatives and better tools also repair shops. Siberian has more employees to mile and more motive power than any system in America but not effectively utilized. Stevens expects resume work to-morrow but improbable. Miller, acting chairman, reports slow progress but I think otherwise. Shall have Minister of Ways of Communication to lunch again with Stevens and Miller at Embassy when Stevens recovers. Please show Secretary of the Treasury.

FRANCIS

File No. 861 77/114

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, June 25, 1917.

[Received July 2, 1.25 p. m.]

1434. For Willard<sup>2</sup> [from Stevens]:

Arranged for building locomotive erecting plant, Vladivostok. In need of information asked for regarding cranes, machinery. Arranged for increasing capacity car erecting plant Vladivostok. Shipment tools on order should be hurried. When can we expect

<sup>1</sup> The Embassy's number.<sup>2</sup> Daniel Willard, railway president and chairman of the Advisory Commission of the Council of National Defense.

them? What is status shipment locomotives and cars on order? If anything in my Panama proposition suggest our Government give to Russian Government, free of price, its engines, Brown hoists and other cranes. In need of boilers one to two hundred horse. Am certain it would be appreciated by Russians and free us at once any implication trying to work off lot second rate material at high prices. Our Government can afford to do this, the machinery being of little or no value to it. Will simply lie Panama and rust.

FRANCIS

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File No. 861.77/126

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, July 13, 1917, 7 p. m.

[Received July 17, 10.20 a. m.]

1510. Railway commission says important that locomotive erection plant be immediately established at Vladivostok and so recommended on arrival to Minister, Ways of Communication, who approved and is now constructing building therefor, leaving plant [to be?] operated by locomotive manufacturers. Minister, Ways of Communication, now states is informed communications from America that locomotive manufacturers there insist on only making sales of locomotives for delivery at their shops. Most expeditious method is for manufacturers to equip and operate erecting plant at Vladivostok and railway commission understood on leaving America that it was so agreed, in fact it was suggested by locomotive manufacturers. This plan should be followed, but if impossible then military unit of skilled mechanics should be sent with equipment to operate plant. Russia will furnish ample electric power and water from adjoining naval plant. Prompt action required. Please adopt most expeditious plan and advise. How many locomotives *en route* Vladivostok? Answer.

FRANCIS

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File No. 861.77/125a

*The Acting Secretary of State to the Ambassador in Russia (Francis)*  
[Telegram]

WASHINGTON, July 14, 1917, 3 p. m.

1564. For John F. Stevens [from Daniel Willard]: Endeavoring secure money from Treasury to enable compliance your several cables regarding purchase locomotives, cars and machinery for erection Vladivostok. Cable full description shop

buildings agreed upon, also if traveling cranes intended, give distance between centers of rails on runways, also height from runway to floor and height to underside of roof truss, and exact type Brown cranes suggested. Also advise what use boilers will be put to and number required. Important complete information sufficient make intelligent purchase here. Five hundred locomotives and 10,000 cars already ordered. Fifteen hundred locomotives, 30,000 cars under consideration. Consider it unnecessary erect shops Vladivostok if money can not be provided for remainder locomotive and car requirements.

POLK

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File No. 861 77/126

*The Acting Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, July 20, 1917, 4 p. m.

1584. For Stevens [from Willard]:

Eight hundred seventy-five decapod locomotives will be shipped by February next. Delivery at builders' works. Fifteen hundred additional locomotives under consideration by Government. Lomonosov thinks not advisable erect shops Vladivostok unless the additional locomotives are ordered. Expect advise you definitely shortly. Locomotive people desire description buildings by cable so suitable cranes and other machinery can be purchased if shops are built. Locomotive builders will make separate contract for shipment and erection of locomotives if requested.

POLK

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File No. 861.77/136

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, July 30, 1917.

[Received August 2, 9.15 a. m.]

1434. For Willard [from Stevens]:

Officials ask for American unit 129 men consisting of division superintendents, dispatchers, train masters, traveling engineers, master mechanics and one telephone expert to advise application telephone dispatching to Russian lines. These men merely to educate Russians in American operation. Hope to cable definitely middle this week. Suggest you ascertain quick what you can do pending decisive cable. Will agree to do this per your letter May 3. Unit should be military. They may ask for many more men later

but all such requests require approval Minister which expect to get shortly.

[FRANCIS]

File No. 861.77/140

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, August 1, 1917.

[Received August 3, 7 a. m.]

1588. For Willard [from Stevens]:

Three main buildings at Vladivostok will be constructed in accordance with your cipher telegram July 30.<sup>1</sup> Traveling cranes, with independent runways, to be furnished from America as proposed, satisfactory. Fourth building for testing will be constructed with length 250 feet, same otherwise, as erection buildings except pits on two outside tracks. Stoves for heating will be furnished here. Plan by mail to-day.<sup>1</sup>

[FRANCIS]

File No. 861.77/150

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, August 13, 1917.

[Received August 18, 4.50 p. m.]

1624. [For] Willard [from Stevens]:

Spare parts for all new decapods should come with these decapods, those most important first. Schulenberg<sup>2</sup> and Lipets<sup>2</sup> should so arrange. Where are the 375 decapods on old Russian order? They were to have been ready for shop delivery last April. Cable quick if any have been shipped from Pacific ports and about when such shipment will be completed.

[FRANCIS]

File No. 861.77/153

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

PETROGRAD, August 13, 1917.

[Received August 19, 2.50 a. m.]

1625. [For] Willard [from Stevens]:

After long delays Government has approved all commission's recommendations. Work on improvements starts immediately.

<sup>1</sup> Not printed.

<sup>2</sup> Russian purchasing agents in the United States.

Commission with officials going to Siberia line to start long engineer runs and whatever can be done pending arrival committee units. Arrange to send 12 units of 14 men, each unit to consist of 1 division superintendent, 1 master mechanic, 1 chief train dispatcher, 2 train masters, 2 traveling engineers, 6 train dispatchers and 1 line repairer. One division superintendent at least should be thoroughly experienced in terminal work. Ten units to be located at towns between Vladivostok and Omsk, two Petrograd to Moscow. Master mechanic should be experienced roundhouse foreman capable keeping up running repairs with poor engine-terminal facilities. Also following foremen: 10 (omission), 10 foundry, 10 boiler, 10 machine, 10 engine-erecting, 5 car-erecting, 5 paint, 20 roundhouse. Minister suggests some men speaking Russian or French can be gotten on American roads capable filling lower ranks. Also 2 general superintendents having practical experience in train work to rank as majors. All above force to be organized as United States military unit skeleton engineer regiment. Suggest division superintendent[s] rank as captains, balance lower grade. Should have quartermasters to handle food and quarters. Also ingenious shop superintendent skilled in rearranging antiquated shops having electric power line driven shafts, speed up to-day machinery and output without stopping work. He should be made a member of this commission. Also first-class man to direct installation telephone, train dispatching and electric locking block-signal circuits. Order 1,000 selector phones and bring along as many and other essential appliances as can be had quickly. Can probably adapt present iron wires. Care in selecting men of patience and policy necessary. All to act as instructors to educate Russians in American methods returning to United States thereafter, time depending largely upon duration of war. Expense of all this, excepting general superintendent, to be Russian through credit of United States. While we begin at once to try and improve things, not much can be effected before arrival American units so hurry them along. There has been a great change recently in official spirit here, now apparently enthusiastic for American methods which we must make successful.

[FRANCIS]

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File No. 861.77/150a

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, August 15, 1917, 4 p. m.

1630. For Stevens by direction of the President:

The President appreciates very highly what Mr. Stevens and his associates are doing in Russia but thinks it wise to remind Mr.

Stevens that it is important that the impression should not be created that he and his associates represent or speak for the Government of the United States. As the President explained to the commission before they started, they were sent abroad merely to put themselves at the service of the Russian Government. Any assurances conveyed to the Russian people, therefore, as if authoritatively by the commission would be a very grave mistake. The President does not wish in this way to discredit assurances already given but merely to convey a very friendly caution for the future.

LANSING

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File No. 861.77/136

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, August 16, 1917, 6 p. m.

1634. Your 1571, July 30. For Stevens [from Willard]:

Think can furnish men desired if absolutely necessary. Heavy calls from other directions. Am awaiting more definite statement from you as to number wanted each class. Think Russian Ambassador in Washington should also be advised concerning situation.

LANSING

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File No. 861.77/158

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, August 25, 1917, 7 p. m.

[Received August 28, 3.10 p. m.]

1664. Stevens, Miller, Darling finally started special car last evening to put in operation their recommendations on the Siberian Railway.<sup>1</sup> I personally saw them off. This accomplished after my repeated interviews with Minister for Foreign Affairs and two interviews with Kerensky on the subject and informal conferences between commission and officials of the Department of Ways of Communication. Stevens although sometimes discouraged and threatening abandonment of the (omission) left in good spirits. Kerensky told me personally that the American Railway Commission recommendations be made effective on the Siberian Railway and Council of Ministers appointed Ustrugov, Assistant Minister of Ways of Communication, to make same operative. He promised

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<sup>1</sup> Henry Miller and W. F. Darling were members of the Advisory Commission of Railway Experts to Russia, of which John F. Stevens was chairman.

to accompany commission but failed. Promised to leave to-night or to-morrow and join commission. I again visited Minister for Foreign Affairs told him would consider Ustrugov's failure to join commission almost a breach of international courtesy. Received assurances would be no failure.

Darling report concerning Murman Railway rather encouraging, am looking after that also as transportation essential factor in situation. Please show Willard.

FRANCIS

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File No. 861 77/150

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, August 27, 1917, 3 p. m.

1652. For Stevens [from Willard]:

Replying to your cable 1624 dated Petrograd August 13. Spare parts being shipped as rapidly as can be made after ordered by Russian Mission. Two hundred seventy-five of the 375 decapods mentioned will be shipped by September 1, remaining 100 by end September or early October. Baldwin expects complete all Russian locomotives their orders 475 in number February 1, 1918, also all extra parts including 53 narrow-gauge Mallet locomotives. American Locomotive Co. uncertain. Will endeavor advance this delivery. We assure you everything possible is being done to advance delivery Russian locomotives and spare parts.

LANSING

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File No. 861.77/166

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, undated.

[Received September 17, 1917, 4.30 p. m.]

[For] Willard:

Have heard nothing further from Lansing or you since your cables August 17. Commission to arrive Vladivostok September 28 and must then be advised of situation and what you have decided as to our recommendations upon which the movements of commission depend. There is a decided improvement efficiency Siberian Railway already as a result of our work and expect much greater results from our present trip with government officials. Answer quickly, care Consul at Vladivostok.

STEVENS

File No 861 77/176a

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, September 21, 1917, 6 p. m.

For Stevens [from Willard]:

Yours 17 from Harbin received. Cabled you 17th, care Francis, as follows:

Confirming my cable August 25: Arrangements are being made rapidly as possible to raise, equip, and forward units of railroad men you ask for. Will also send 100 mechanics as requested by Professor Lomonosov<sup>1</sup> to erect new locomotives Vladivostok. Congratulate you upon getting your recommendations approved.

Also on 18th as follows:

Referring your cable August 13, Professor Lomonosov suggests 2 foundry foremen, 2 machine foremen, 4 engine-erecting foremen, no car or paint foremen, instead of list as given by you. Will this be satisfactory? He approves all others. Is there any serious objection to all officers, including mechanical superintendent, being paid by Russian Government through credit of United States? We must be definite about their employment before they leave.

We are making good progress in getting units together and equipped as requested. Expect to start first six units first week in October, others to follow right along.

Since June 23 have completed 114 decapod engines for Russia and shipped from Vancouver. Additional engines will go forward at rate of 8 per week. Will start shipping Mallets end September at rate of 5 per week.

Eight hundred complete box cars shipped since July 1 and expect ship 300 more complete box cars by October 1. One thousand complete gondola cars shipped since July 1.

Vauclain is arranging for cranes and other necessary machinery and tools for shops at Vladivostok and will send 100 skilled mechanics to set up engines at that place.

LANSING

File No 861 77/183

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, September 28, 1917, 7 p. m.

[Received October 2, 11.20 a. m.]

1814. For the Secretary of State and Willard:

<sup>1</sup> Representative upon the Bakhmeteff mission to the United States of the Russian Ministry of Ways of Communication

General railway situation grows more critical, exciting alarm of the Russians and Allies. Minister for Foreign Affairs desires to confer with myself and Minister of Ways of Communication which suggestion I earnestly approved stating statement in [omission] called therefor. I have wired Stevens to return Petrograd immediately leaving Trans-Siberian Railway to Miller and Darling, but that system enough for all commissioners here now. Magnitude and difficulties railroad problem demands presence here of biggest railway men available, even Willard himself. I do not mean commission, but a man like Howard Elliott with a few competent subordinate experts to advise concerning operation of lines other than Siberian and construction of new lines to facilitate food distribution and movement of troops. How soon can you send such assistants? Please answer immediately.

FRANCIS

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File No. 861.77/184

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, September 29, 1917, 6 p. m.

[Received October 3, 10.05 a. m.]

1821. For the Secretary of State and Willard:

Pursuing my No. 1814. Arranged conference with Minister for Foreign Affairs and Minister of Ways of Communication for October 2, 9 p. m. Minister for Foreign Affairs deeply pleased when informed I had cabled for first-class railroad man. Please send immediately via quickest Atlantic ship, not Siberian. If new lines recommended will be only for prosecution of war and to increase efficiency of present lines. Such man would not be subordinate but would work in cooperation with Minister of Ways of Communication, in fact it [sic] would, as I understand from Minister for Foreign Affairs, dominate Russian railroads outside Trans-Siberian Railway system which Stevens commission has in charge.

FRANCIS

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File No. 861 77/180

*The Acting Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, October 1, 1917, 5 p. m.

For Stevens:

About 120 men will be sent to Vladivostok locomotive shop. No trouble arranging commissary and food for them. How do you

suggest matter be handled for the twelve units of officers who we understand will be scattered all over Russia? Difficult to get accommodations on Pacific which may delay movement. Shall we send interpreters or will you provide them in Russia? Answer Washington, Felton.<sup>1</sup>

POLK

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File No 861 77/188

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, October 5, 1917, 3 p. m.

1757. For Stevens [from Willard]:

It seems desirable under existing conditions that you should cooperate as closely as possible with American Ambassador at Petrograd and keep him fully informed concerning your plans and movements. This I assume you can and will be glad to do. Every effort is being made to raise, equip and forward soon as possible the forces you have asked for. Emerson of Great Northern has consented to go and will give you splendid support. We appreciate fully value of your services and will do everything possible to meet your requests. It should be kept in mind that demands are heavy from other directions also. Felton with large staff is giving his entire time to this matter.

LANSING

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File No. 861.77/183

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, October 5, 1917, 4 p. m.

1758. Following from Willard:

Your cable 28th. Stevens has been directed to get in touch and cooperate fully with you and to keep you advised of his plans and movements. Upon request of Stevens, approved by Russian Ambassador this country, arrangements being made here to send force of approximately 300 skilled railroad men, such as mechanics, train masters, master mechanics, superintendents and general superintendents. It is thought these men in connection with Stevens committee should be able to cover whole situation you have in mind. Impossible at this time to send either of men mentioned in your cable. Every effort is being made to expedite cars and locomotives to Russia, and to raise, equip, and start as soon as possible the forces requested by Stevens.

LANSING

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<sup>1</sup> Samuel M. Felton, Director General of Military Railways, War Department.

File No. 861 77/190

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, October 9, 1917.

[Received October 11, 1 p. m.]

1854. Delighted to learn by letter just received from Miller,<sup>1</sup> Vladivostok, September 25, that our Railway Commission made excellent progress since leaving Petrograd August 24 accompanied by Ustrugov, Assistant Minister Railways. Reports freight accumulation Vladivostok reduced about 40 per cent since May. Fourteen decapod engines shipped since June 23, additional coming 8 per week.

Mallet engines clearing from October 1, 5 per week and 50 decapods now Vladivostok and Harbin. Eight hundred box cars shipped since July 1, 300 more by October 1, 1,000 gondolas since July 1, 400 being erected Vladivostok now. Everything good working order Vladivostok and improving rapidly over entire Trans-Siberian as result of Railway Commission's work whose recommendations being put in operation rapidly.

Again visited Railway Department yesterday but no reports there. Stevens wired would arrive Petrograd 14th. Miller letter states commission retained Vladivostok some time to get and install railway units arriving. Six units cleared October 1 balance following promptly; locomotive shops ready November 15. These and other like advices very encouraging and enable me to successfully refute insinuations of British and French that American Railway Commission effecting nothing. Again I urgently request advices of shipments as made. Show Willard.

FRANCIS

File No. 861.77/187

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, October 15, 1917, 4 p. m.

1775. Your 1821, September 29. Willard replies:

Unable to send at once high railroad officer of kind you request. Stevens is considered one of the ablest railroad engineers in this country. It is suggested that he act as adviser to Minister of Means of Communication in Petrograd, and let Miller look after operations on Trans-Siberian which he is thoroughly competent to do. George Emerson, general manager, Great Northern Railroad, will leave for Vladivostok in about three weeks with force of 300 American railroad officers and skilled mechanics. They will give

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<sup>1</sup> See footnote 1, *ante*, p. 197.

Miller the support he needs on Trans-Siberian I recommend above arrangement and feel certain no better selection than Stevens could be made for particular place or duties you have in mind in Petrograd. Advise if this arrangement will be satisfactory.

Department concurs.

LANSING

File No. 861 77/198

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, October 20, 1917, 8 p. m.

[Received October 23, 3.35 p. m.]

1891. Also for Willard:

Your 1775, October 15, 4 p. m., through London just received. Stevens arrived 14th and expecting to go with Minister of Foreign Affairs, Minister of Ways of Communication and myself to Stavka<sup>1</sup> for consultation with staff member having charge of transportation but departure delayed by Minister for Foreign Affairs who now says will depart 21st or 24th. I cannot doubt that Stevens fully competent and find he made recommendations in early August concerning railroads in the Donets Basin also between Petrograd and Moscow. Miller remains in Vladivostok by my request but thought of leaving for America November 3. Please cable him immediately to await Emerson's arrival. Stevens much [pleased] that Emerson coming and thinks none other necessary with which I agree. Please hasten Emerson's coming with mechanics.

FRANCIS

File No. 861 77/201

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, October 27, 1917, noon.

[Received November 1, 2 p. m.]

1925. Also for Willard:

Minister of Foreign Affairs, Minister of Ways of Communication, Stevens and myself had satisfactory conference last evening. Stavka trip abandoned. Stevens leaves to-morrow evening special car to inspect railroads from Moscow to Omsk, empowered to put in operation thereon his recommendations. Minister of Ways of Communication and entire Government pleased with improvement on the Trans-Siberian Railway and desire like improvement on above-

<sup>1</sup> The Stavka, or staff headquarters, was at Mogilev.

mentioned road which permeates rich grain-producing country where harvests are immense. Minister of Foreign Affairs said to-day our commission's action reported Council of Ministers, which approved agreement and Kerensky directed that [thanks of] Government be conveyed for the effective assistance rendered and to be rendered by American Railway Commission. Minister for Foreign Affairs and myself have distinct understanding that Stevens is acting in an [advisory capacity] to the Minister of Ways of Communication and that Council of Ministers will give required orders for execution of his recommendations. Such understanding has required of the United States diplomacy and perseverance but is worth entire cost and will be effective if orders of Provisional Government are obeyed.

FRANCIS

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File No. 861.77/211c

*The Acting Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, November 3, 1917, 5 p. m.

1827. For Stevens [from Willard]:

Following cable from American Consul, Tiflis, Caucasus:

Railroad conditions are deplorable and threaten famine consequence of which the Consul recommends urgently that our railway commission send an expert to study problem. The authorities in the Caucasus are reported to be most anxious for assistance. The chief of the British Military Mission, General Shore, seems to be doubtful of possibility of holding the army on that front unless conditions of railroad transportation improve.

What do you think can be done? You know the kind of forces we are sending with Emerson. What if anything else do you think we ought to do to meet the condition in the south of Russia?

POLK

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File No. 861.77/208

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

PETROGRAD, undated.

[Received November 4, 1917, 4:30 a. m.]

For Willard:

I am leaving Petrograd to try to improve operation of lines Omsk to Moscow to handle vast amount of food Siberia to Central Russia. Russian Government claims this is the most important problem in

units if I find necessary? Have gratifying reports from Siberian line.

STEVENS

File No. 861.77/207

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

PETROGRAD, undated.

[Received November 4, 1917, 8 a. m.]

[For] Willard:

Our Ambassador has arranged with Ministry matter my acting as adviser all railways with promise quick cooperation. This is satisfactory and I am proceeding at once accordingly. Send me as quickly as you possibly can three first-class operating men with general mechanical knowledge to act as assistants. Arrange for their salaries and expenses as I have not funds for heavy expenditures. I have telegraphed Miller your suggestion as to his work on Siberian Railway.

STEVENS

File No. 861.77/208

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, November 6, 1917, 4 p. m.

1829. For Stevens [from Willard]:

Referring your two cables November 4 will send eight more units if necessary. Do not want to send more than you absolutely need. Miller left Vladivostok before could reach him. I will see Emerson before he sails and will try to arrange so it will not be necessary for you to meet him at Vladivostok. How would George Slade suit you for one of operating men referred to in your last cable? Think he would go for few months. Congratulations upon gratifying results you are obtaining.

LANSING

File No. 861.77/214

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, November 7, 1917, 4 p. m.

[Received November 10, 4.20 a. m.]

1960. Also for Willard:

Government probably deposed; shall know definitely later. Meantime would continue plans for sending Emerson force. American

Consul, Vladivostok, wired Miller left before Stevens's telegram and mine received but had forwarded same and requested Miller to return with Emerson. Miller departure is disappointing, exasperating. Have wired Stevens that would request you send Miller back with Emerson. Please do as he understands Trans-Siberian Railway which is important factor in war.

Shall refer Caucasus railway condition to Stevens and Minister of Ways of Communication. Been trying to telephone latter but unsuccessful.

FRANCIS

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Uncertainty as to Operations Following the November Revolution—Departure from the United States of the Russian Railway Service Corps under Col. George Emerson, November 18, 1917; Arrival at Vladivostok, December 14, 1917; Withdrawal to Nagasaki Accompanied by Stevens

File No 861.77/212

*The Secretary of State to the Secretary of War*

WASHINGTON, November 10, 1917.

SIR: I have received a note from the Russian Ambassador, dated November 6, 1917, stating that the schedule of the proposed delivery of 1,500 locomotives for the Russian Government, which I enclose herewith,<sup>1</sup> requires your approval before it can be put in operation. For your information I am also enclosing a copy of the Ambassador's note.<sup>1</sup>

I have no hesitation in urging that every possible support be given to Russia. At the same time I hope you will agree that no contract for delivery of railroad material, whether locomotives or cars, should be made with Russia, which does not stipulate that the duration of the agreement is contingent upon Russia's continuing active in support of the war against Germany.

A recent telegram from the Ambassador at Petrograd, copy of which you have already seen, also suggests the possibility that Mr. Stevens may modify his previous recommendations upon which the pending schedule is based. The Department has cabled the Ambassador for an urgent decision one way or the other. It consequently seems to me that any final approval of the enclosed schedule of delivery for locomotives should await word which Mr. Stevens has been asked to send.

I have [etc.]

ROBERT LANSING

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<sup>1</sup> Not printed.

File No. 861 77/228

*The Ambassador in Russia (Francis) to the Secretary of State<sup>1</sup>*

[Telegram]

PETROGRAD, November 11, 1917, 5 p. m.

[Received November 21, 10 a. m.]

1973. Also for Willard:

Stevens returned to Moscow yesterday stopping there. Russian official accompanying Stevens telephoned Department of Ways of Communication. Hear that Stevens thinking of going home or Siberia. Have just given following to . . . to telephone Stevens:

Situation here undetermined but this Bolshevik government can not survive and I think will collapse within few days. In the meantime please remain in Moscow. Think safest place is in your car but get in touch with Consul General Summers (giving Summers's office and residence numbers). Please remain in Moscow for the present assisting railroad authorities as no one can do like yourself. When atmosphere clears government in power will be stronger than before. Of course you do not think of returning home. Your services never so much needed in Russia as now and you never had better opportunity to serve this country and ours. If conditions there become unbearable come here where shall provide safe comfortable quarters for you and your son. I am not going to desert this post and if responsible government not soon established shall address manifesto myself to Russian people. Phone me daily . . . .

Minister Ways of Communication released from prison but directed to remain in residence consequently inaccessible. Forwarded Stevens your Nos. 1823<sup>2</sup> and 1827.

FRANCIS

File No. 861 77/217

*The Ambassador in Russia (Francis) to the Secretary of State<sup>3</sup>*

[Telegram—Extract]

PETROGRAD, November 13, 1917, 8 p. m.

[Received November 17, 6.10 a. m.]

1979. Tell Willard learned that Stevens left Moscow yesterday in car 466 for Vologda where car will be connected with Siberian express leaving Petrograd to-night. Stevens accompanied by Russian railroad official, son and interpreter. High railroad official who accompanied Stevens from Petrograd gave this information to the

<sup>1</sup> Sent via the Legation in Sweden (No. 1030, Nov. 20).<sup>2</sup> Not printed.<sup>3</sup> Sent via the Legation in Sweden (No. 998, Nov. 15).

Department of Ways of Communication to-day from Moscow and said he returned to Petrograd and that above disposition of car made on Stevens's urgent request and furthermore that he had delivered to Stevens in Moscow my telegram copy of which cabled you in my 1973. Have nothing from Stevens direct. Considerable fighting reported in Moscow streets. Suggest you cable Stevens, care of American Consul, Harbin, to await instructions there. Suppose you informed concerning conditions here by my cables to the Department. Some government will be established here when Emerson arrives Vladivostok and although I may possibly not advise recognition thereof think any ministry will be pleased to utilize Stevens's and Emerson's force. Moreover tender of their services may be necessary to justify us [in] charging Russia with expense incurred which was undoubtedly stipulated to be paid from advances made Russia. Please answer. . . .

[FRANCIS]

File No. 861.77/222

*The Acting Secretary of State to the Consul at Vladivostok  
(Caldwell)*

[Telegram]

WASHINGTON, November 19, 1917.

For Stevens [from Willard]:

Your cable 16th instant.<sup>1</sup> Emerson sailed from San Francisco November 18 with 350 men, including interpreters. Two hundred and thirteen make up the instruction unit requested by Stevens. Remaining number include interpreters and the mechanics that are being sent by Baldwin Locomotive Co. to erect new engines at Vladivostok.

POLK

File No. 861.77/226a

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, November 23, 1917, 6 p. m.

Brooklyn due Vladivostok November 25. Department advised rumor recurrent Siberia that work of Stevens is merely entering wedge for absorption of railway by United States and that arrival Russian Railway Service Corps under Emerson may be interpreted as further step same direction.

<sup>1</sup> Not printed

If inquiries are made of you, you are authorized to say in reply:

Stevens railway commission and Emerson railway service corps organized at considerable sacrifice to railways of United States for sole purpose to assist Russia in her need and without any connection whatsoever with financial assistance which has been given by United States.

Emerson and his corps sailed for Vladivostok November 18. Stevens reported *en route* to meet them there.

LANSING

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File No. 861 77/227

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, undated.

[Received November 24, 1917, 4.05 p. m.]

For Willard:

Just reached Harbin to meet Emerson. Cable me quick Harbin, care of the United States Consul, what ship and when it is due Vladivostok. Send Emerson wireless not to land until I advise him as conditions may not make it advisable. Cable me latest reliable news from St. Petersburg; have nothing from there for twelve days, then situation desperate all over Russia looked like civil war. Quiet through Siberia but may change any day. Siberian Railroad chief meets me here quickly (?) to watch situation and decide matters. I have telegraphed Francis to send Horn<sup>1</sup> to Caucasus.

STEVENS

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File No. 861.77/229

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, undated.

[Received November 26, 1917, 1.17 p. m.]

American Ambassador, St. Petersburg, telegraphs me 21st that he has sent you cables daily since the 8th but has your cable saying that you can get nothing from him. Control with Lenin, President, Trotsky, Minister for Foreign Affairs; no recognition and no official notice that any government exists.

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<sup>1</sup> Henry J. Horn, member of the Advisory Commission of Railway Experts to Russia.

For Willard:

Any further efforts toward helping railroads absolutely useless. No government. Mutinous laborers and soldiers command the situation making efforts no value. I can not stand Russian winter. Will shortly leave for the United States.

STEVENS

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File No. 861 77/231a

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, November 27, 1917, 6 p. m.

Following is for Stevens from Daniel Willard:

Yours advising you will leave shortly for United States. Please do not leave Vladivostok until Emerson arrives and until you have heard further from me. Emerson now at Honolulu; should reach Vladivostok early in December on transport *Thomas*. Am hopeful things will develop much better than you expect. Splendid work you have done is greatly appreciated, but it is not finished.

Stevens is reported at Harbin.

LANSING

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File No. 861.77/232

*The Consul at Vladivostok (Caldwell) to the Secretary of State*

[Telegram]

VLADIVOSTOK, December 4, 1917.

[Received 9.30 a. m.]

For Willard [from Stevens]:

Yours 27th. With conditions offering any chance getting results, I shall stay with Russian job. Shall await events. My influence would be much greater if I held some rank other than civilian. I have no ambitions other than to accomplish some good. Will meet Emerson. Cable me a credit \$5,000 Yokohama Specie Bank, Harbin.

CALDWELL

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File No. 861 77/235

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

PETROGRAD, December 7, 1917, 9 p. m.

[Received December 11, 5.25 p. m.]

2076. Also for Willard:

Telegram from Consul, Vladivostok, dated December 3, says Emerson on transport *Thomas* due about 10th. Stevens at Vladivostok

vostok. Caldwell reports quiet there and Harbin and says Admiral Knight there on flag ship *Brooklyn* and will await *Thomas*'s arrival.

Wired Stevens December 1 to hold men on transport until otherwise assigned to specific duties as coming ashore in body might create wrong impression; furthermore, accommodations and food probably scarce. Wiring Stevens to-day must follow his own judgment largely in operations thereon. Horn and I still keeping in touch with Department Ways of Communication but daily removals occurring and we may find it difficult to maintain pleasant relations while not recognizing government. Am not recommending recognition.

FRANCIS

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File No 861 77/306

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

VLADIVOSTOK, December 14, 1917, 6 p. m.

[Received 7.50 p. m.]

And Willard:

Transport *Thomas* arrived to-day. Conditions make it absolutely imperative to delay decision as to landing for some days. It may be necessary to sail quick. Cable instantly placing ship *Thomas* under my orders for any port in Japan we may select. Lose no time.

STEVENS

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File No 861 77/243

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

VLADIVOSTOK, December 15, 1917, 9 a. m.

[Received December 16, 11 a. m.]

For Willard:

If transport *Thomas* can not wait here until our decision about program can be made, then units and myself must wait in Japan or all return to the United States. A serious error not to have brought rations. Emerson should be provided with plenty of money. A great good can be accomplished with right government in full power but worse than folly to undertake at the present moment. Interpreters Emerson brought mostly mischievous political agitators who must not be allowed to land in Russia.

STEVENS

File No. 861.77/243

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, December 17, 1917, 5 p. m.

Department has received your telegram December 16<sup>1</sup> and Stevens's December 15. War Department is instructing commander transport *Thomas* not to leave without orders unless ice menaces. *Thomas* not needed elsewhere at present. Will advise further as to funds for Emerson. Department concurs fully that undesirable interpreters and others should not be allowed to land. Communicate foregoing to Stevens and Emerson and keep Department advised of developments.

LANSING

File No. 861.77/244

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

VLADIVOSTOK, December 17, 1917, midnight.

[Received December 17, 1 p. m.]

To Willard:

Transport *Thomas* sails on 17th from Vladivostok for Nagasaki taking the railway and Baldwin units. Railway chief is most anxious to go ahead when the situation clears and so am I but he says must wait for further developments, *Algonguin* having [admitting during?] precarious situation impossibility of proceeding with work at the present moment. Danger of harbor freezing makes prompt action imperative. Ice breakers in the hands of insurgents. Please arrange quickly very ample credit for Emerson through American Ambassador, Tokyo, as I can not supply him, and shore quarters and food in Japan require cash. I strongly advise holding units in Japan reasonable time as there is reason to believe prospects will justify. I shall go at once to Japan for a few days myself, then return to Russia. Cable instructions . . . care of Consul of the United States, Yokohama.

STEVENS

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<sup>1</sup> Vol. II, p. 9.

File No 861 77/244

*The Secretary of State to the Consul General at Yokohama  
(Scidmore)*

[Telegram]

WASHINGTON, December 19, 1917, 6 p. m.

For John F. Stevens from Daniel Willard:

Your cable 17th. Think you have decided wisely that Emerson and party should remain in Japan until situation clears. Arrangements being made for ample credit in Japan through American Ambassador at Tokyo as you request. There seems good reason to believe situation in Russia will improve and that Emerson in short time will be given opportunity to render service originally intended. Keep us fully advised.

LANSING

File No 861 77/341

*The Russian Ambassador (Bakhmeteff) to the Counselor for the  
Department of State (Polk)*

No. 1233

WASHINGTON, December 20, 1917.

[Received December 21.]

MY DEAR MR. POLK: Acknowledging the receipt of your letter of December 18,<sup>1</sup> I beg to thank you for the information you give concerning the Russian Railway Service Corps.

I wish hereby to confirm to you that I am absolutely in sympathy with the plan of keeping the corps in Japan for a reasonable time and consider that the expenses which this will incur should be charged against the credits of the Russian Government.

I am [etc.]

B. BAKHMETEFF

File No 861.77/247

*The Chairman of the Advisory Commission of Railway Experts to  
Russia (Stevens) to the Secretary of State*

[Telegram]

NAGASAKI, December 20, 1917, 10 a. m.

[Received 12.16 p. m.]

For Willard:

Again strongly advise holding units in Japan. I ought to know shortly if we can go ahead. All units must take some food and bedding on their return to Russia; therefore, both Emerson and Baldwin must be supplied ample funds. We should all go back

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<sup>1</sup> Not printed.

shortly with man-of-war and 5,000 troops. Time is coming to put fear of God into these people. Answer care of Consul of the United States, Yokohama.

STEVENS

File No. 861 77/267a

*The Secretary of State to the Consul General at Yokohama  
(Scidmore)*

[Telegram]

WASHINGTON, December 24, 1917, 4 p. m.

For John F. Stevens from Daniel Willard:

Your cable 20th. Understand you are with Emerson and his force at Nagasaki. It is thought best that you should all remain there for a while and await developments in Russia. Probably inside thirty days definite decision can be reached concerning future course. There is great opportunity for most valuable work for you and Emerson in Russia, providing stable government is established and think it would be most unfortunate to abandon that plan as long as there is any hope. Have had credit established for you as per your cable December 4 and \$50,000 for Emerson. Assume this will keep you both going until definite decision can be reached concerning future. Keep me advised any new developments.

If Stevens not at Yokohama forward the above to Nagasaki.

LANSING

File No. 861 77/260a

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, December 28, 1917, 5 p. m.

Please advise fully as to conditions which prevented landing of railway corps and necessitated departure Nagasaki. Department also desires your opinion whether conditions are shaping to justify return of railway corps. Party will be held Japan reasonable time, possibly thirty days.

LANSING

File No. 861.77/264

*The Ambassador in Russia (Francis) to the Secretary of State*<sup>1</sup>

[Telegram]

PETROGRAD, January 3, 1918, 7 p. m.

[Received January 5, 4.35 a. m.]

2184. Also for Willard:

<sup>1</sup> Substance repeated to Stevens through the Consulate at Yokohama, Jan. 9, 1 p. m.: "For your information and encouragement following from Ambassador in Petrograd: . . . Willard concurs these views."

Nothing from Stevens since 14th ultimo when he wired from Vladivostok was going to Nagasaki 17th and await orders. I hope you will not order or permit his return as I feel that we would thereby lose great opportunity to improve transportation here. Ground prepared at great cost of time, management, and labor and only awaits sowing of seed for us to reap great harvest, regardless of Russian political outcome. Do not mean commercial return only. Moral effect of timely assistance immense. Work is humanitarian as it relieves famine. Furthermore, if no separate peace improved transportation be potential factor if not essential. Please answer.

FRANCIS

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File No. 861.77/267a

*The Secretary of State to the Consul General at Yokohama  
(Scidmore)*

[Telegram]

WASHINGTON, January 5, 1918.

Following for Stevens [from Willard]:

Your cable 4th.<sup>1</sup> Fifty thousand dollars cabled January 3 for Emerson. Have answered all your cables. Advise immediately if matter is now fixed. Do not be discouraged. You will not be deserted. Am hoping you will still find opportunity to do great good.

LANSING

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File No. 861.77/267

*The Chairman of the Advisory Commission of Railway Experts to  
Russia (Stevens) to the Secretary of State*

[Telegram]

YOKOHAMA, January 7, 1918, 10 p. m.

[Received January 8, 2.47 p. m.]

For Willard:

Your cable of 5th. Emerson received funds to-day. Will disembark all contingent next five days. Will quarter all at Nagasaki. I have received no reply to my cable 31st<sup>2</sup> asking you to arrange at Washington payment transport *Thomas*. In my opinion long delay is certain and I do not like to waste my time here if I can be of use elsewhere but submit to your judgment.

STEVENS

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<sup>1</sup> Not printed; see telegram from the Ambassador in Japan, Jan. 2, 4 p. m., vol. II, p. 17.

<sup>2</sup> Not printed.

File No. 861.77/264

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, January 9, 1918, 1 p. m.

1972. Your 2184, January 3, 7 p. m., transmitted to Stevens who is now with Emerson's party at Nagasaki. He will be instructed to return to Vladivostok as soon as situation makes it practicable for him to do so.

LANSING

File No. 861.77/268

*The Consul at Vladivostok (Caldwell) to the Secretary of State*

[Telegram]

VLADIVOSTOK, January 9, 1918, 10 p. m.

[Received January 9, 9.35 p. m.]

Your telegram December 28, 5 p. m., was not received. I did not telegraph reasons for railway corps' going Japan because Stevens informed me he was doing it. Corps went to Japan because it is impossible accomplish anything on railway. There are no accommodations on shore here for corps and ice made detention transport precarious. Useless for corps to come until some authority can be maintained either by Russia or Allies. At present soldiers dictate train movements holding expresses behind troop trains for days, detaching engines from expresses, and crowding on guard trains without paying. Moreover, although railway employees mostly well inclined, continued working of railway is uncertain because funds are not forthcoming from Petrograd. Ustrugov, Vice Minister of Communications, who was working with Stevens, is going Petrograd in effort secure funds.

Unless money received from Petrograd, Navy Yard and other government employees here can not be paid after December which may cause rioting.

So far as known all Americans Siberia safe. Quiet prevails here. Bolsheviks sealed banks for few hours this morning. Seriousness of step was made clear to them by bankers.

CALDWELL

File No. 861.00/954

*The Consul at Vladivostok (Caldwell) to the Secretary of State*  
[Telegram—Extract<sup>1</sup>]

VLADIVOSTOK, January 13, 1918, 8 p. m.

[Received January 15.]

. . . Stevens's party can land with entire safety at any time. Departure for Japan was not due to hostility but as explained my telegram January 9, 10 p. m., because work impossible then. Also Thomas had provisions for few days only and impossible replenish here, city being short account of no transportation. Undesirable interpreters could not well be sent back if corps landed because Soldiers-Workmen's Council were clamoring for their release from ship even when entire corps were refused shore leave claiming we were abusing Russian citizens. Undesirable interpreters must be discharged in Japan before corps returns. Three months required complete [locomotive] shops and work stopped awaiting arrival Jaspe dredgers, who should come immediately. Remainder of corps may be able begin work within a few weeks if situation at trouble centers along line continues to improve and if money for wages railway and port employees found by Russia or Allies.

No freight left here past week because of block near Omsk.

CALDWELL

File No. 861.77/281a

*The Acting Secretary of State to the Consul General at Yokohama (Scidmore)*

[Telegram]

WASHINGTON, January 19, 1918, 7 p. m.

For Stevens:

Mr. Willard tells me he has notified you of his resignation from Advisory Commission. I think you and Colonel Emerson should proceed alone at once to Vladivostok to investigate situation, ascertain whether party can be landed and quartered with prospect of going ahead with work. Party can not be held indefinitely idle as services urgently needed both here and in France. On the other hand project should not be abandoned until you and Colonel Emerson are convinced of expediency to do so.

Department's advices further confirm your own impressions that the people are and will be in control for some time. Your dealings

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<sup>1</sup> Printed in full in vol. II, p. 25.

will have to be with them and not with the machinery of a well-established government. Department will regard your conclusions as based on your judgment that party will be able to cope successfully with these conditions. Department concurs in Ambassador's views as to value of work both for present and future and will support you. If whole party can not be profitably employed please consider whether a part of them should remain. Within last few weeks Red Cross has brought two trains through from Archangel to Jassy. Keep me advised your movements.

POLK

File No. 861 77/278

*The Acting Secretary of State to the Consul General at Yokohama  
(Scidmore)*

[Telegram]

WASHINGTON, January 24, 1918, 7 p. m.

For Stevens, to be forwarded if he has left:

Referring last page your letter December 28 to Mr. Willard,<sup>1</sup> Department concurs wholly your view as to importance of going ahead if practicable. Believe you and Emerson may be able to handle Soldiers' and Workmen's authorities with whom you will have to deal. In this connection and for your information Department has reports from individuals returning from Russia that soldiers now take exception to officers' uniform and insignia if worn by men who have seen no fighting. You may wish to investigate and consider this, as concerns Emerson and his men.

POLK

Establishment of Stevens and a Portion of the Railway Service Corps at Harbin for Service on the Chinese Eastern Railway—Recommendation of Ambassador Francis that Railway Units Be Sent to European Russia for Cooperation with Soviet Authorities—Emerson's Departure for Vologda—Transfer of the Remainder of the Railway Service Corps to Vladivostok Following Seizure by the Czecho-Slovaks

File No. 861.77/284

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, February 1, 1918.

[Received 7.35 p. m.]

Endeavoring formulate with the head of Chinese Eastern Railway a plan to place contingent to give entering wedge. Former special commissioner Provisional Government helpless. Useless to attempt

<sup>1</sup> Not printed.

coalition with Bolsheviki . . . . We will be asked to advance funds for all expenses our men; also for same including their arms 5,000 reliable soldiers to guard line to Irkutsk. Your cable of 24th. Information given you nonsense, uniform is very necessary and advisable. Best that could be done if there is a chance would be for America to take over the operation Siberian Railway during the war. The move would be welcomed [by] 80 per cent Russian people. Cable address the United States Consul at Harbin.

STEVENS

File No 861.77/286

*The Consul at Harbin (Moser) to the Secretary of State*

[Telegram]

HARBIN, February 3, 1918, 3 p. m.

[Received 11.23 p. m.]

Referring to your cipher telegram of January 24, 7 p. m., to Stevens, impossible to work with Soldiers' and Workmen's authorities, Siberia. There are none in Harbin. Bolsheviks control all Siberian towns east from Irkutsk but railway employees and vast majority population, helpless in their grasp, hate them. We can work with these.

I have opposed raising Allied forces Harbin for invasion against Bolsheviks and also Allied money and arms for Russian force under Russian control because of Russian disorganization and inefficiency, but the certainty now clear that Siberia and railways will fall completely into hands of the German war prisoners and the Bolsheviks unless immediate measures taken renders action imperative. It is reported that armed German prisoners now acting as guards in some Siberian towns. Firmly believe unless America takes over direction railways, Japan will be obliged to.

If we can secure request by railways for the Government of the United States take over operation of the railways till end of war only from Vladivostok to Irkutsk retaining present workmen and officials as figureheads, will you accept and support with money and arms Russian force ten thousand or more under Russian leadership but American supervision to guard Siberian railways? This will involve Russian relief [rescue?] of Amur River railway also from the Bolsheviks' and prisoners' control and may extend to western Siberia. Chinese troops would be retained guarding Manchurian railway as their share in Allies' cooperation. Russians have also excellent nucleus in Cossack force now operating between Manchouli and Irkutsk, but lack money and arms.

Stevens and I heartily agree this most practical plan involving minimum questions and producing most valuable results. Com-

municate by telegraph if we may proceed with the negotiations. Nothing can be accomplished without our operation of railways. We regard situation critical, gathering strength fast and that there is no room for illusions.

MOSER

File No. 861 77/291

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, February 10, 1918.

[Received 6 p. m.]

Have succeeded getting the cooperation commissioner Provisional Government and railway officials. Conferred with some chairmen workers' committees with satisfaction, same conference [sic] by other means. As a result shall move Emerson contingent to cover line Vladivostok-Irkutsk west later, exactly original plan. Acting as instructors, Baldwin men to erect engines Harbin pending installation Vladivostok plant. Believe quite safe. Now is the time to act. Cable Emerson \$75,000 International Corp., Yokohama. He must purchase transportation, pay all living expenses contingent on work directly. May become necessary to furnish funds necessary railway supplies as formerly recommended. Also moderate [advocate?] lifting embargo Vladivostok. Japanese inquisitive. No sympathy [with] assistance from Americans. I have no doubt desire railway control. Joint intervention will require the greatest care to avoid entanglements here. Am going to Japan, leaving Harbin, to arrange details for the reception of men. I will return very soon and remain here. Feel we have accomplished all we hoped, delays were wise and unavoidable. If you disapprove my decision wish to say frankly I can do no more. Believe we have factors lined up as far as possibility insured success [sic]. Must have above funds before can move men. Cable me Yokohama. . . .

STEVENS

File No. 861.77/297

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, February 17, 1918, 11 p. m.

[Received February 18, 4.09 a. m.]

Stevens has returned to Yokohama. Reports a number of German agents active in eastern Siberia and fears further German influence. He is convinced that railroad contingent can be very helpful in or-

ganizing Chinese Eastern Railway and Trans-Siberian Railway as far as Irkutsk. He hopes Department will authorize him to proceed. He believes that if contingent should be recalled it would greatly discourage the Russian people as indicating intention of United States to abandon them. He states that Chinese Eastern is well policed by Chinese troops. He thinks any form of military occupation or intervention at this time would be unwarranted but suggests that a small force of loyal Russian soldiers might be easily organized and equipped to police Trans-Siberian Railway from Manchouli to Irkutsk provided funds could be obtained for them. Some such force, he believes, will be required to maintain order and to check growing German influence.

MORRIS

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File No 861 77/291

*The Secretary of State to the Consul General at Yokohama  
(Scidmore)*

[Telegram]

WASHINGTON, February 19, 1918, 5 p. m.

For Stevens:

Your February 10. Your plan approved. Felton is arranging to cable \$75,000 additional to \$50,000 sent to Emerson last week. For your confidential information, amount of Russian funds available has proved very much less than \$1,500,000 originally allocated. However, there appears to be sufficient for three or four months longer, by which time situation may have altered for the better sufficiently to release additional funds. In any event, you can rely upon Department's guaranteeing salaries, so long as service lasts, and transportation and salaries for safe return to this country. Before you return with the men, please confer with American Ambassador at Tokyo, whom Department is instructing to advise you fully regarding the friendly attitude toward Russia which has been manifested consistently by this Government. Department congratulates you on difficulties you have overcome. Notify Ambassador at Petrograd when you arrive at Harbin.

LANSING

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File No 861.77/297b

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, February 19, 1918, 5 p. m.

2081. Department has authorized Stevens, who is now at Yokohama, to return with Colonel Emerson and his party to Harbin and

to commence their efforts from that point, working both toward Vladivostok and also westwards.

Original friendly purpose of these experienced American railway operators to assist Russian railway authorities modified in no particular. Stevens will notify you when he arrives Harbin.

LANSING

File No. 861.77/297a

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, February 19, 1918, 5 p. m.

Department has approved Stevens's plan to return to Harbin with Emerson and party. Please inform him fully regarding Siberian situation and attitude of this Government.

LANSING

File No. 861.77/298

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, February 21, 1918, 11 a. m.

[Received February 21, 9.45 a. m.]

Your February 19, 5 p. m. Stevens and party are arranging to leave for Harbin at once. Emerson is now there. Baldwin contingent consisting of seventy men will remain at Nagasaki awaiting a reply to Stevens's recent inquiry. An additional credit \$50,000 should be cabled to Stevens here. Before he leaves he will arrange to transfer it to Emerson as needed.

In conversation with Viscount Motono<sup>1</sup> yesterday Stevens outlined the plans he had formulated to take railway contingent into Siberia. Motono did not express any objection to these. Was neutral and appeared entirely satisfied.

MORRIS

File No. 861.77/279

*The Secretary of State to the Consul General at Yokohama (Scidmore)*

[Telegram]

WASHINGTON, February 21, 1918, 7 p. m.

For Stevens from Felton:<sup>2</sup>

Your letter January 9<sup>3</sup> to Willard:

1. Emerson and his men organized and commissioned by Secretary of War as "Russian Railway Service Corps," are not officers

<sup>1</sup> Viscount Ichiro Motono, Japanese Minister of Foreign Affairs.

<sup>2</sup> Samuel M. Felton, Director General of Military Railways, War Department.

<sup>3</sup> Not printed.

of Regular Army but hold special certificates of identity setting forth their status, including treatment if captured by enemy. Corps had to be specially organized outside Regular Army in order to receive salaries larger than those payable by law to Regular Army officers of same rank.

2. Credit Willard referred to for you was the \$5,000 you requested December 4. Inform me when you need additional credit for your own expenses and compensation. You understand that you and personnel of Railway Advisory Commission are supported out of special United States funds, while Russian Railway Service Corps is supported out of Russian funds. Original plan for latter was that they should be maintained by Ministry of Ways of Communication after reaching Russia and you should arrange with Russian railway authorities, whenever it proves practicable to do so, that at least all expenses of corps exclusive of salaries should be assumed by them.

3. Have requested Quartermaster War Department to submit bill for subsistence on *Thomas* which will be paid by Russian Railway Mission here as cabled Emerson January 15

LANSING

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File No 861 77/303

*The Consul General at Yokohama (Scidmore) to the Secretary of State*

[Telegram]

YOKOHAMA, February 26, 1918, 3 p. m.

[Received February 27, 4:50 a. m.]

[From Stevens:]

A section of Emerson contingent leaves Japan 27th rail through Chosen. Other sections will follow daily. Entire movement 200 completed into Harbin March 6. I shall go there quickly. I shall strictly follow the policy of trying to help Russia regardless of factions. I have favorable report the result of our labor conferences with committees railway workers Chinese Eastern, Trans-Baikal, Tomsk railways.

SCIDMORE

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File No 861 77/308

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, March 1, 1918, 3 p. m.

[Received March 1, 2:05 p. m.]

Stevens received advices from Emerson that German prisoners were now armed at Irkutsk and Chita and that without aid of armed force he could only place four railway units instead of seven as

planned. Stevens was therefore compelled to hold at Nagasaki one half of the contingent and only one hundred and four men are now on their way to Harbin for service on Chinese Eastern Railway. In a conversation with Minister for Foreign Affairs last night he again, and with great earnestness, emphasized the seriousness of the Siberian situation and the necessity of immediate decision by Allied powers as to policy. He expressed fear that if Germans control Petrograd they will at once send orders to destroy bridges and tracks of Trans-Siberian [Railway]. Stevens agrees that such action is likely and would seriously cripple any future movements in Siberia. Reports confirmed that freight is now moving west on Amur Railway.

MORRIS

File No. 861.77/330

*The Consul at Vladivostok (Caldwell) to the Secretary of State*  
[Telegram]

VLADIVOSTOK, March 15, 1918, 2 p. m.

[Received 7.15 p. m.]

Following telegraphed Stevens, Yokohama, by Smith, based on information received from Harbin by messenger. Our March 15, 2 p. m., for Stevens:

Just after you left Harbin Ustrugov requested a meeting of representatives of all Siberian Railway employees at Tomsk but no replies. After his return from Peking he (requested?) similar meeting at Harbin, replies to be received within ten days, otherwise his commission to be dissolved. Trans-Baikal answered they are in accord with Soviet but will also work with Ustrugov. Petrograd General Committee telegraphed all the Siberian Railway workmen's committees to disregard orders of Ustrugov, discharged him and ordered his arrest as soon as he enters Russia, stating that he had united with foreigners to overthrow Soviet who believe his visit Peking was for this purpose.

Omsk, Tomsk and Trans-Baikal railroads are in hands of workmen who deny authority of the management. Chinese Eastern workmen as yet undecided. Emerson thinks possible to place his men only on Chinese Eastern but even this depends on the decision of the workmen.

CALDWELL

File No. 861.77/343

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

VOLOGDA, March 22, 1918, 8 p. m.

[Received March 24, 5.10 a. m.]

28. Also for Felton:

Department cables Emerson with 100 engineers operating on Chinese Eastern but have no such direct information. Please ask

Willard to keep me advised concerning Stevens; also Emerson force; also delivery of railroad equipment international commission. I have given Russian transportation particular attention in connection with diplomatic duties. After what has taken place Russia would recommend to Willard installing operatives and delivering equipment immediately upon being convinced that same would be safe and not used for German benefit. Have maintained close relations with transportation control, uninterrupted by revolution, having secured two special trains for Petrograd evacuation, and now holding one here for emergency. Relations with Stevens very close and can not account for his failure to keep me advised. Kind regards.

FRANCIS

File No 861 77/344

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, March 23, 1918, 6 p. m.

[Received March 24, 5.25 p. m.]

30. Riggs,<sup>1</sup> Moscow, wires Ruggles<sup>2</sup> to urge me to order six railway units to Vologda immediately upon Trotsky's request who telegraphed same would be great accommodation and Riggs adds would be useful in event of German advance which it is reported is being made in force in the Ukraine. Ruggles indorses request. Have wired Stevens through consuls Harbin, Vladivostok to send six units to Vologda immediately and has [on his?] authority.

Riggs states that French Military Mission has complied Trotsky's request and assigned 38 French officers to assist organizing new army.

FRANCIS

File No 861.77/344

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, March 26, 1918, 4 p. m.

25. Your 30, March 23, 6 p. m., received 24th. Department desires to know specifically what railway men are to do and on what railroads they will work. Their efforts must not result in facilitating communication with Germany. Recall also that original agreement was that Railway Service Corps, after commencing work, should be maintained by Russian Ministry of Ways of Communication.

LANSING

<sup>1</sup> Capt. E. Francis Riggs, Assistant Military Attaché.

<sup>2</sup> Lieut. Col. James A. Ruggles, Military Attaché.

File No. 861.77/344

*The Secretary of State to the Consul at Harbin (Moser)*

[Telegram]

WASHINGTON, March 26, 1918, 4 p. m.

For Stevens:

Ambassador Francis has asked you to send six units of Railway Service Corps to European Russia. Take no action at present. What progress are you making at Harbin? Are any of the men still at Nagasaki? Glad you are continuing efforts.

LANSING

File No. 861.77/347

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, March 28, 1918, 4 p. m.

[Received March 28, 1.05 p. m.]

Your cable of 26th. We are making some progress Harbin. Up to the present explaining our motives and aims to men. Provisional Government commissioner, Siberian Railway, abandoned his commission, leaving me to begin all over again yesterday. Permission is given to distribute units along the line of Chinese Eastern. Will not do much good unless we can go ahead of Manchuria which can not be done under existing circumstances. One hundred men Nagasaki besides Baldwin men, whom I have ordered United States. Trust great consideration will be given before you order units European Russia.

STEVENS

File No. 861.00/1401

*The Ambassador in Russia (Francis) to the Secretary of State*[Telegram—Extract<sup>1</sup>]

VOLOGDA, March 29, 1918, 9 p. m.

[Received March 30, 7.50 p. m.]

. . . Answering your 25,<sup>2</sup> concerning railway men, certainly government would be [ready to?] guarantee same not be used in German interest, whether German agent or not, but willing myself to assume responsibility, consequently request they be sent Vologda where could not arrive before April 15. Duties not specified, as government ignorant concerning defects and remedies. Transportation situation deplorable, while Russia and the Allies consider rail-

<sup>1</sup> Printed in full in vol. I, p. 488.<sup>2</sup> *Ante*, p. 225.

roads our special care. Men likely to be needed to save supplies from German capture if German advance resumed and Moscow captured, which not improbable. Furthermore, I consider exceedingly advisable to increase capacity of Siberian Railway for emergencies. Expenses and compensation could doubtless be arranged if thought desirable.

FRANCIS

File No. 861 77/349

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 2, 1918, 7 p. m.

42. Your March 29, 9 p. m. Department thinks need for railway men should be defined specifically and desires further and clearer statement before decision.

LANSING

File No. 861 00/1420

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram—Extract<sup>1</sup>]

VOLOGDA, April 2, 1918, 7 p. m.

[Received April 4, 6.59 a. m.]

61. . . . Stevens first replied to my request for railroad men that he was awaiting instructions from Washington, but as I have just received telegram stating units coming under Emerson, I conclude you so instructed. Have asked government indirectly to protect and expedite transportation thereof, which it will certainly do, having repeatedly applied to me through Robins and Riggs that men be sent; have also requested sending experienced non-political railroad official Vologda for conference. Offer to confine Emerson force to Siberian Railway, using every precaution against serving enemy interest. . . .

FRANCIS

File No. 861.00/1458

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, April 5, 1918, 5 p. m.

[Received April 8, 12.56 p. m.]

73. Answering your 42, April 2, 7 p. m. Soviet government has not specifically defined uses for railway men, which was my reason

<sup>1</sup> Printed in full in vol. II, p. 95.

for asking that they be sent here for conference with myself and experienced Russian railroad official; Soviet government requested they be sent Moscow. Transportation conditions deplorable and require improvement, which we can best render having demonstrated our ability therefor by bettering Soviet government service. If Germans advance, which extremely probable, improved transportation required to protect Allied interests by evacuation supplies from threatened sections. Yesterday's conference of Allied Ambassadors and Military Attachés much pleased when informed railway men *en route*. I have thought of asking your approval to place American Railway Commission in charge of Soviet government and protect commission in operation thereof. Furthermore, in event of Allied intervention from east or west or both, railroad efficiency is essential. Has Department countermanded railway men's coming?

Referring my 29 [49], March 30 [31], 6 p. m.<sup>1</sup> Soviet government when asked explanation of supplies being hurriedly shipped from Archangel against British protest and how Soviet government reconciled such action to repudiation of loans, replied munitions from Archangel are sent Moscow, the Urals and Siberian towns, and Soviet government expects to pay therefor in raw materials, but asks for time to organize economic resources of Russia and states that Soviet government is evacuating all war material from [Petrograd?] into interior and asks "Who can seriously think that government whose best soldiers have fought against German control in Ukraine and Finland can now be planning to furnish Germany with power to enslave their own land?" Do not understand that I accept absolutely such assurances as does Robins, to whom they were made, but at the same time Soviet government interests clearly demand German resistance, as German domination spells overthrow of Bolshevism in Russia. I appreciate fully mistakes of Soviet government and outrages practiced as reported by Summers and consuls, but think best plan is to ignore same for the present in order to induce Soviet government to ask Allied assistance, so that when Allies enter Russia, will not meet with Soviet government's refusal, but Soviet government's welcome. To this end I recommend sending railway men to Vologda.

FRANCIS

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<sup>1</sup> See vol. II, p. 471.

File No 861 77/353

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, April 6, 1918, 6 p. m.

51. Your 61, April 2, 7 p. m. Department instructed Stevens not to send railroad men until we had further full report from you, as requested in Department's No. 42.

LANSING

File No 861 77/362

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, April 9, 1918, 8 p. m.

[Received April 13, 5.43 p. m.]

84. Your 51, April 6, 6 p. m. I gave reasons for requesting railroad men in my 73, April 5, 5 p. m., but as situation changed, better defer sending until relations with Soviet government better defined.

FRANCIS

File No 861.77/359

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, April 10, 1918, 11 a. m.

[Received 11.47 a. m.]

After a month exasperating unnecessary delays have succeeded getting arrangements for placing units to cover all the Chinese Eastern Railway at once, and hope a little later Vladivostok. No trains operating between Manchuria, Chita. Line held by strong force reported Bolsheviks, Germans, Austrians.

STEVENS

File No. 861.77/359

*The Secretary of State to the Consul at Harbin (Moser)*

[Telegram]

WASHINGTON, April 10, 1918, 5 p. m.

For Stevens from Felton:<sup>1</sup>

Your April 10, 11 a. m., just received. Russian Embassy and Department gratified. Your work regarded as of prime importance and once abandoned very difficult to resume. Keep us advised your progress.

LANSING

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<sup>1</sup> See footnote 2, *ante*, p. 222.

File No. 861 77/364

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, April 14, 1918, 5 p. m.

[Received April 14, 4 p. m.]

I earnestly recommend 100 men Nagasaki return at once to United States. I can see no chance of using them west [of] Manchuria until order is restored, which will not be under the present segregated [sic] committees . . . called by some a government. Emerson has more than enough here to cover Chinese Eastern. An early decision will enable transport due Nagasaki 20th to handle men. I shall not buy platinum.

STEVENS

File No. 861.77/368

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, April 15, 1918, 6 p. m.

[Received April 20, 5.36 p. m.]

99. Now that landing incident<sup>1</sup> quieted I request you immediately send Emerson with two to five engineers to Vologda to confer about transportation. Can get special car and safe-conduct. Stevens is opposed thereto, but political operating situation would benefit therefrom. Please answer.

FRANCIS

File No. 861 77/368

*The Secretary of State to the Consul at Harbin (Moser)*

[Telegram]

WASHINGTON, April 23, 1918, 5 p. m.

For Stevens:

Ambassador, Vologda, requests that Emerson be sent immediately with two to five engineers to Vologda to confer about transportation. Ambassador promises special car and safe-conduct. Department approves. Advise Ambassador when Emerson can leave, notifying the Department at same time. If absence of Emerson would interfere with your work on Chinese Eastern send next best man available.

LANSING

<sup>1</sup> Landing of Japanese force at Vladivostok, Apr. 5: see vol. II, pp. 100 *et seq.*

File No 861.77/374

*The Minister in China (Reinsch) to the Secretary of State*

[Telegram]

PEKING, April 29, 1918, 9 a. m.

[Received April 29, 8.17 a. m.]

[From Stevens:]

Your cable 23d. I have given your orders to Emerson. He will go immediately to Vologda.

REINSCH

File No 861 77/373

*The Chairman of the Advisory Commission of Railway Exports to Russia (Stevens) to the Secretary of State*

[Telegram]

PEKING, April 29, 1918, 2 p. m.

[Received April 29, 10.38 a. m.]

Decision to send Emerson and men to advise with Soviet European Russia places us in very embarrassing position. The new administration Chinese Eastern are bitterly anti-Soviet. My opinion is that principal object of its reorganization is to provide stronger means for fighting Soviet, even by force of arms. We are thus placed in impossible situation of trying to help two bitterly opposing [factions?] with the usual result facing us [of] antagonizing both. To retire now from Chinese Eastern, which I apprehend we will be told to do when Vologda movement becomes known, will be to play directly into hands of Japan, which is opposing us all the time undoubtedly with the view of controlling entire transportation systems of Manchuria. I should have quick and ample instructions as I regard the situation as extremely delicate.

STEVENS

File No 861 77/374

*The Secretary of State to the Minister in China (Reinsch)*

[Telegram]

WASHINGTON, April 29, 1918, 6 p. m.

For Stevens:

Your two telegrams April 29, 9 a. m. and 2 p. m. Sending engineers to Russia has sole purpose to ascertain how we can assist further in measures against Germany. Military attaché at Vologda reports:

Three thousand railroad men here have struck because several train loads of food have been shipped from Siberia to Finland when the

people in northern Russia were unable to get bread. These trains were allowed to proceed. Had American railroad men been on duty this would have been prevented.

This government does not wish to refuse considering possibility of definite measures against Germany and on that account it is essential to ascertain whether any of the men under your orders can be used in different parts of Russia. Explain this clearly to new administration of Chinese Eastern Railway at earliest possible opportunity. From your telegram quick action would seem to be necessary. This Government does not recognize Bolshevik authorities and has no official relations with them. Keep Department advised. Why could not men at Nagasaki be organized for service as separate contingent in European Russia?

LANSING

File No. 861.77/377

*The Minister in China (Reinsch) to the Secretary of State*

[Telegram]

PEKING, May 1, 1918, 4 p. m.

[Received 6.30 p. m.]

The following from Stevens:

Your 30th [29th]. I understand situation and your wishes. Nagasaki units now organized ready for service anywhere. Present work on Chinese Eastern of little value unless lines west can be improved. Suggest may be advisable if way can be cleared to utilize entire Emerson contingent in Russia. But I must make clear to you that giving advice is of no value unless some power is exerted to make advice operative. This must be done through some head authority as otherwise brutal contempt by ignorant local committees will nullify all attempts to improve conditions. Emerson thoroughly competent to [handle?] any situation given backing, anybody helpless without. I will make every effort harmonize Chinese Eastern administration, now high class, regard very important to hold it neutral at least.

REINSCH

File No. 861.77/375

*The Secretary of State to the Minister in China (Reinsch)<sup>1</sup>*

[Telegram]

WASHINGTON, May 2, 1918, noon.

Your April 30, 2 p. m.,<sup>2</sup> also telegram April 29, 4 p. m.,<sup>3</sup> from Harbin, in which Consul reports that Semenov desires American railway engineers under Stevens to take over operation of all rail-

<sup>1</sup> The same information telegraphed, on the same date, to the Ambassador in Russia (No. 102).

<sup>2</sup> Vol. II, p. 147.

<sup>3</sup> Not printed; Semenov was the Ataman of the Far Eastern Cossacks.

ways behind him, apparently with view to facilitating passage of supplies for his forces and also for civil population back of his lines which is in great need.

Inform Stevens that the Russian Railway Service Corps was organized at the request of the Provisional Government of Russia to assist in the reorganization of Russian railways and to help Russia as a whole, and to enable the people to strengthen their resistance against Germany. It is consequently impossible to permit this corps of American engineers to be drawn in to take sides in a movement which partakes of civil war, consequently their work on the Chinese Eastern Railway must not have any semblance of supporting Semenov or contributing to the success of his military operations. If this can only be accomplished by their withdrawal then they should be withdrawn and the Department will instruct Stevens as to their further movements.

LANSING

File No 861 77/402

*The Ambassador in Russia (Francis) to the Secretary of State*  
[Telegram]

VOLOGDA, May 18, 1918, 8 p. m.

[Received May 26, 11.54 p. m.]

180. Conforming to the arrangement I made in Moscow an official of the Ways of Communication [Ministry], in a special car, passed through Vologda yesterday to meet Emerson. Railway official is named Lobanov whom I have known personally about a year, and who is very friendly. He was discharged by the Soviet government but was reengaged about April 1. He reports 42 per cent locomotives and great scarcity fuel [*sic*]. Selections [says Russians?] do not see what American engineers can accomplish with present railway working force; wired on my request to Moscow for chief practical operating man to meet Emerson, Vologda on arrival. Emerson arrived at Vladivostok 7th, since which nothing from Vladivostok but press says started west 13th.

FRANCIS

File No 861.77/396

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, May 21, 1918, 10 p. m.

[Received 12.10 p. m.]

After two weeks' delay waiting for Soviet people to furnish accommodations, Emerson left Vladivostok via Amur line for Vologda, May 19, 9 p. m.

STEVENS

File No. 861.77/399

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, May 22, 1918, 12 p. m.

[Received 1.41 p. m.]

I had talk Vladivostok with special commissioner sent from Soviet, Moscow. Claims that he has full authority of all government property. He is ignorant [omission?]. Is very sore because United States does not recognize his government. I told him I could not discuss such matters. Complains because we are on Chinese Eastern. I told him we knew no factions, our aim only as Ally to induce Russia to resume war against Germany, which statement did not evoke great applause. Said that any request to help railways must come directly from Moscow not from outside committees apparently fishing for recognition. I told him if such a request should be made it would be considered, but I made no commitments. Am I to understand Emerson is to carry out Ambassador's instructions—if so I must be relieved of all the responsibility thereof. Chinese Eastern much agitated [by] Emerson move. I have no doubt while personally popular we will have to leave here if Emerson works with Soviet, the latter being something that would be beyond my capacity. It is evident Soviet is fast losing confidence of its only support, the ignorant masses, and is looking for some one to help let go the bear's tail.

STEVENS

File No. 861.77/399

*The Secretary of State to the Consul at Harbin (Moser)*

[Telegram]

WASHINGTON, May 24, 1918, 7 p. m.

For Stevens:

Your May 22, 12 p. m. Department appreciated difficulties of situation you describe. Ambassador has instructions that Emerson was sent to Vologda to consult with him, but Ambassador is to report fully to Department before taking any action. Department will see that you are fully advised.

LANSING

File No. 861 77/401

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, May 25, 1918, 6 p. m.

[Received 7.15 p. m.]

Chinese Eastern pacified until something else comes on. Your cable of 22d.<sup>1</sup> Can do nothing on Trans-Baikal until Cossacks fighting Bolsheviks and prisoners drive the latter out. Have reliable information to the effect that Semenov failing Allied support will accept that of Japan alone which I am convinced is very anxious to be given in force and which would make his success quite certain. There is no need of me here and if anything further undertaken elsewhere Emerson and men quite capable of handling. I can not remain idle longer when I feel my services could be of value elsewhere and want to return to United States very soon.

STEVENS

File No. 861.77/402

*The Secretary of State to the Ambassador in Russia (Francis)*

[Telegram]

WASHINGTON, June 1, 1918, 3 p. m.

151. Your 202, May 25,<sup>2</sup> approved except that, with reference to your 180, May 18, 8 p. m., Department has some concern that any emphasis should be laid on purpose of Emerson and his party to confer with Bolshevik authorities. They were, as a matter of fact, ordered to confer with you as to what, if anything, could be done by the Russian Railway Service Corps in European Russia, no action to be taken, however, without Department's approval. Department has had it in mind that developments might permit of sending the 80 men now detained at Nagasaki to European Russia and that they might ultimately succeed in working eastwards and meeting the men under Stevens working westwards. However, the Embassy at Tokyo and Stevens at Harbin both advised the Department that there has been considerable propaganda in eastern Siberia to the effect that Emerson's visit to you really meant that this Government had a secret arrangement with the Bolsheviks for America's control of the Siberian Railway. Stevens also reports that the anti-Bolshevik elements have regarded Emerson's visit as a tacit recog-

<sup>1</sup> Probably refers to the Secretary's telegram of May 2 to the Minister in China, *ante*, p. 232.

<sup>2</sup> Vol. I, p. 542.

nition of the Bolshevik government. The substance of the Department's 102, May 2,<sup>1</sup> was elaborated to Stevens and to Peking and Tokyo as well. Department desires to assist the Russian people without regard to factions. At the same time I am confident you will appreciate the delicacy with which your actions in Russia must be conducted. The Department understands the Bolsheviks are exceedingly anxious for recognition and will enlarge upon any opportunity to put their own interpretation upon your actions. Possibly this can not be avoided altogether, nevertheless, it must not be allowed to assume such proportions as to alienate the sympathy and confidence of those liberal elements of Russian opinion which do not support Bolsheviks.

LANSING

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File No. 861.77/401

*The Secretary of State to the Consul at Harbin (Moser)*

[Telegram]

WASHINGTON, June 3, 1918, 4 p. m.

For Stevens:

Your May 25, 6 p. m. Do not be discouraged. You have accomplished more than at short range you can perhaps realize. Railway improvement is essential for all real help to Russia. No other American has your intimate knowledge of Russian railways. Department will keep you fully advised, but your services can not be spared now.

LANSING

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File No. 861.77/413

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, June 5, 1918, 6 p. m.

[Received June 5, 5.15 p. m.]

Your June 3, 4 p. m. Certainly I shall not leave my post as long as you think my services will help. I want to be exceedingly frank and say that an attempt to assist through the Soviet would be a serious mistake. All the reports from Siberia confirm increasing weakness. Czech soldiers *en route* east now successfully fighting them and having [prevailed?] will force their passage to the French front.

STEVENS

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<sup>1</sup> Not printed; see footnote 1, *ante*, p. 232.

File No. 861 77/482b

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, July 10, 1918, 4 p. m.

Please note and repeat to Stevens, now apparently at Harbin:

Consul Vladivostok reports Czecho-Slovak troops in complete possession of Vladivostok and have restored former Zemstvo régime and have now defeated several thousand Red Guards and war prisoners. Department believes you should prepare at once for using men now at Nagasaki and prefers that they should proceed at once to Vladivostok. Ambassador at Tokyo will cooperate fully in any measure you take to move the men.

LANSING

File No. 861 77/425½

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, July 18, 1918, 4 p. m.

[Received July 19, 7.03 a. m.]

Arranging to move. Have ordered men Vladivostok. See that I can have fortnight and I will put railways on the map quickly.

STEVENS

File No. 861 77/445a

*The Acting Secretary of State to the Consul at Harbin (Moser)*

[Telegram]

WASHINGTON, August 10, 1918, 3 p. m.

Urgent for Stevens:

Notify Department when Nagasaki contingent of Railway Service Corps reaches Vladivostok. Department has conferred with Russian Ambassador and desires that you have these men cooperate with Russians running railways and use best efforts to forward movement of Czecho-Slovaks and Allied resistance to German and Austrian prisoners of war. You appreciate Department's settled purpose at this time to avoid alliance with or support to any political group or faction in Russia. Request that you direct action of the men accordingly. Please keep Department advised of your movements.

POLK

File No. 861 77/445

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, August 13, 1918, 11 a. m.

[Received August 14, 1 a. m.]

Your cable August 10, 3 p. m. Nagasaki contingent arrived Vladivostok August 11, 8 p. m. Now quartered there. Russian Ambassador should promptly cable officials to allow us to cooperate fully, as they are indifferent. We have no shadow of authority. Suggest Department advise Czechs directly we are ready to aid every possible way. I am mixed with no political faction simply trying to work with railway authorities. Very difficult as every faction is claiming jurisdiction.

STEVENS

File No. 861 77/445

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, August 15, 1918.

The American railway contingent which arrived Vladivostok August 11 was ordered there with the view of assisting in the reorganization and operation of the Siberian Railway. It is hoped that it will receive the support and cooperation of all political parties and governmental factions. After communicating to officials this telegram should be made public.

LANSING

File No. 861.77/448

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, August 16, 1918, 11 a. m.

[Received 11.35 a. m.]

Emerson reports from near Irkutsk where he and men are cooperating with Czechs repairing bridges blown up by enemy. He did not get west of Urals and never in touch with American Ambassador.<sup>1</sup> Czechs' east front is at south end Lake Baikal, west from Orenburg, Samara, Ekaterinburg, Tyumen. Please advise families

<sup>1</sup> For reports of his efforts to mediate between the Czechoslovaks and Bolsheviks, see vol. II, pp. 191 and 212.

Emerson, Hawkins, Johnson, Haynes, Bjonerud, location party, apparently all are well.

STEVENS

File No. 861 77/454

*The Consul at Vladivostok (Caldwell) to the Secretary of State*  
[Telegram]

VLADIVOSTOK, August 26, 1918, 3 p. m.

[Received August 27, 1918 a. m.]

113. Following from Stevens:

About 18,000 Japanese troops disembarked Vladivostok already. Six thousand additional moved by way of Changchun to Manchouli front. Japanese dominating everything possible, are making effort control operation railways, will succeed unless the United States takes firm stand. Railways should be at once taken under military control and operation be placed in hands my commission and Russian Railway Service Corps. Russian operation is merely a joke. We can increase efficiency 100 per cent. Under Russian or Japanese management military operation will be hampered. Useless to try to mix American and Japanese management. Our military men here thoroughly approve operation railroads under our direction. If Japanese operation is permitted all our railway men should be sent home. After my long time of waiting by reason of Department order I am surely entitled to be given an opportunity to handle the railway situation. If I can not be, my usefulness over here is at an end. Giving advice to Russians is a farce, especially with Japanese influences predominating . . . . Situation is critical and should be promptly met by the United States. Answer quick in care of Consul, Harbin.

CALDWELL

Proposal by the American Government to Place Stevens in Charge of the Trans-Siberian and Chinese Eastern Railways, August 30, 1918—Objections by the Japanese Government—Approval of the American Plan by France and Italy—Reference of the Question by Great Britain to Agreement between the United States and Japan

File No. 861.77/451

*The Secretary of State to the Ambassador in Japan (Morris)*  
[Telegram]

WASHINGTON, August 30, 1918, 4 p. m.

Your August 23, 7 p. m.<sup>1</sup> and August 26, 12 p. m.<sup>2</sup>

Information coming to the Department indicates that the Japanese Government intends to make a proposal to the Chinese

<sup>1</sup> *Ante*, p. 139.

<sup>2</sup> *Vol. II*, p. 356.

Eastern Railway Co. to change the gauge on the Chinese Eastern Railroad to conform to the gauge on the South Manchuria Railroad. It seems very inadvisable that this be done because a change in the gauge of any part of the Trans-Siberian system would render physically impossible transportation over that part of the system of rolling stock belonging to the system. Further it would tend to disrupt the system.

It has been suggested that the members of the Stevens railroad mission be commissioned in the United States Army. This Government is opposed to the incorporation with the American armed forces of this civilian commission which was sent to Siberia to serve the best interests of the Russian people. The members of these railroad units are the agents of Russian people and are being paid and supported by their Ambassador here from funds belonging to them, and it is felt that further complications would not arise and best results would be had if Mr. Stevens for and in behalf of the Russian people were to have general direction of the Trans-Siberian and the Chinese Eastern Railways and their several branches. In so far as is concerned that part of the Chinese Eastern which lies within Chinese territory some member of the commission chosen by the Chinese Government in consultation with Stevens should have the management in coordination with other members of the commission on other branches of the Trans-Siberian Railroad under the general direction of Mr. Stevens.

This would necessitate the displacement of Horvat<sup>1</sup> and the old Russian agents. While the roads are used by the military forces it would be the duty of Stevens and the members of the mission to serve the requirements of the military forces.

In reply to your telegram of August 26, 12 p. m., you are informed that the American Government does not intend to approve or disapprove the sending by Japan of forces to Manchouli and you may say to the Japanese Foreign Office that the American Government has no desire to impugn the motives of the Japanese Government in sending troops to Manchouli; that the preservation of Russian interests and the success of the expedition in aid of the Czechs are primary considerations of this Government and that this Government will be glad to have the cooperation of the Imperial Japanese Government to the end that the railways be operated by the engineers chosen by the last recognized Government of Russia and to further the efforts of those engineers to take charge, put the lines in as good working order as possible and operate them during the military occupation subject to the requirements of the military forces.

Please telegraph at once the reception given this proposal.

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<sup>1</sup> Russian Governor and General Manager of the Chinese Eastern Railway

Repeat to Peking and send to Vladivostok with instructions to communicate confidentially to Stevens and with directions to him to await further advices.

LANSING

File No. 861 77/468a

*The Secretary of State to the Chargé in China (MacMurray)*  
[Telegram]

WASHINGTON, August 31, 1918, 4 p. m.

Tokyo will repeat to you a long cable dealing with the Stevens commission and a policy which this Government proposes for the handling of the Trans-Siberian Railway system including Chinese Eastern. On receipt of it you will please present the matter to the Chinese Government and urge it to consent to and to abide by the policy therein outlined.

The policy suggested seems to this Government the only solution of a problem which is very complicated and which may otherwise become most embarrassing.

LANSING

File No. 861.77/460

*The Ambassador in Japan (Morris) to the Secretary of State*  
[Telegram]

TOKYO, September 3, 1918, midnight.

[Received September 4, 10.27 a. m.]

I to-day conveyed to the Minister of Foreign Affairs the proposals in reference to the Siberian railways as contained in your telegram of August 30, 4 p. m., and at his request I left with him a memorandum containing the substance of those proposals.

He replied that Mr. Kinoshita, one of the officials of the Imperial railways, had gone to Siberia to investigate conditions and was in cordial relations with Mr. Stevens; that he had been carefully considering how our Governments might cooperate in improving the transportation conditions, but that there were two difficulties.

In the first place he understood that the Allied military council at Vladivostok had decided to take over the railways as far as possible in the interest of the military operations and that at least for the present the plan suggested might conflict with these military plans, and in the second place he feared that the Allied Governments represented at Vladivostok might not look with favor on a plan which placed the railways under such control.

In reply to the first objection I pointed out that the military authorities had no adequate force to operate properly such a system

and I was under the impression that after discussion they had decided not to attempt it. He thought I was misinformed but later sent a representative to advise me that my impression was correct. In reply to the second objection I emphasized the fact that Stevens and his associates were not the representatives of any outside power but the paid agents of the Russian people. He then stated that his Government would give immediate consideration to the proposals and when I urged prompt action in the interest of all the Allied activities in Russia, where the need for adequate transportation was pressing, he replied that it would be necessary to consult General Otani, which might take several days.

In the course of the conversation I took occasion to explain the attitude of our Government including [concerning?] their Manchouli expedition. He seemed disappointed that my statement was limited to the Manchouli expedition and said that he was anxiously waiting for some indication of the attitude of our Government toward the proposed dispatch of troops to Vladivostok and Karymskaya.

He then called my attention to the recent appointment of Siberian commissioners by France and Great Britain and explained that Matsudaira was in no sense a commissioner but merely attached to the staff of General Otani. He stated further that both France and Great Britain were urging the Japanese Government to appoint a commissioner. He felt that this was an important question and involved the larger question of intervention which still remained undecided. He has directed Ishii to ascertain how our Government viewed this question and he hoped I would advise you of the importance he attached to it.

MORRIS

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File No 861 77/459

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, September 6, 1918, 3 p. m.

The following telegram has been received from Stevens sent from Vladivostok September 3:

Japanese General has issued order placing railroads under military control, will probably at once place Japanese in charge. I would ask answer my cable August 26. Quick action needed or American railroad men are out of business completely.

Please inform the Minister for Foreign Affairs at once that the President is very much disturbed by this report and can not believe that it represents the desires or the intentions of the Japanese Government. Such measures as those reported are quite at variance with

the purpose of the United States to aid Russia in which purpose this Government is confident Japan concurs. The Russian Railway Service Corps is still under the control and in the pay of the Russians. I am informed by Viscount Ishii that the Allied commanders have approved the men's remaining under Russian control.

Please let me have the reply of the Japanese Government at the earliest opportunity. Stevens advised report has been referred to you.

LANSING

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File No. 861 77/461

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, September 7, 1918, 2 p. m.

Department has received following telegram from Stevens dated September 4:

Without previous notice to Allies, Japanese have advanced Chinese Eastern one million yen, telling Allies after such action that they can come in for like amount. Every move by Japanese and railway officials confirms exactly belief expressed in my recent cables.

Please make pointed inquiry of Minister of Foreign Affairs in this matter and report result.

LANSING

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File No. 861 77/465

*The Chargé in China (MacMurray) to the Secretary of State*

[Telegram]

PEKING, September 7, 1918, 8 p. m.

[Received September 8, 5 p. m.]

A satisfactory reading having been worked out of so much of your [cable] to Tokyo as relates to the actual proposal of our Government I last evening presented the matter orally to the Minister for Foreign Affairs in accordance with your August 31, 4 p. m., in order that he might submit for consideration the next Cabinet meeting.

Although your instructions made no mention of the rights of this Government in respect to the Chinese Eastern Railway, I felt justified in assuring the Minister that the Stevens commission would exercise its functions as a trust of America with due regard for the rights of all parties in interest, including China. I beg to request that I be authorized, in my discretion, to give a formal assurance to that effect in your name.

In reply to his inquiry I stated that while I only knew positively that the American proposal was thoroughly discussed with Japan, I

presumed that it was likewise being discussed with all other Allied Governments concerned in the expedition in aid of the Czechs. It would be an assistance to me in urging our proposals if I were informed of the progress of negotiations with the other Allies.

To his inquiry whether the Russo-Asiatic Bank, which is the holder of the railway company, were being consulted, I replied that I had no information but was inclined to think that our Government looked only to the known fact that this nominally private railway enterprise had always in reality been an institution of the Russian Ministry of Finance and that under the existing military necessity the claims of the concessionaires would doubtless be left for subsequent adjustment. I venture to suggest that in order to forestall the opposition of this influential Franco-Russian banking organization it might be advisable to convey through the French and Russian Ambassadors in Washington some such assurance as would allay any apprehensions that its property rights would be prejudiced by our proposal.

Minister for Foreign Affairs inquired whether the Civil Governor of Kirin Province, who is acting Chinese president of railway under the terms of concession contract of 1896, would be acceptable (as one?) of the Chinese members of the commission under Stevens. I remarked that the American commissioners were all technical railway experts and that it was to be hoped that China would be able to offer for service on the commission some of the most capable Chinese railway agents but that the acceptability of any particular person would be a matter for subsequent decision in consultation with Stevens. In view of the legal relationship of the Chinese Government to the railway and considering the political embarrassment which might be involved in its having to withdraw too [completely]ly from its present nominal participation in the control of the railway, I beg to suggest that our proposal [would] appear much more favorably to it, if I were authorized to state that the governor operate [exercising?] political functions designated by this Government would be welcomed as a member of the commission, perhaps with some title such as Special Commissioner for the Chinese Eastern Railway.

Minister of Foreign Affairs appeared to be very favorably impressed by your proposals and promised to urge upon the Cabinet as presenting a solution advantageous alike to China and to the Allies. It is, however, to be feared that the decision of this Government will be much influenced by the Minister of Communication, Tsao, who for reasons known to the Department is likely to adopt whatever attitude is indicated to him as most consonant with the policy of the Japanese Government. The following telegram is repeated from Harris, Irkutsk:

33, September 4. Kindly advise me who is to have control of the Siberian Railway during the time the Allies are operating in Siberia and Russia. I have sounded government officials and people in every part of Siberia and all are in favor of placing the control and management in the hands of America. Czech commanders insist upon doing this, claiming that it is a military necessity that Americans take over control of the railroad. An attempt to favor Japan in this respect would be immediately resented by both Siberians and Czechs and it would be a bad diplomatic move. I strongly urge that the railway be placed in charge of the Stevens railway commission which must be in the position to assume active management at once.

Please bring my views to the attention of Department and the Stevens railway commission and I urge that all measures permissible be taken to block any ulterior motives which Japan may have on the railway as being inimical to Allied interests in Siberia. Russian people will oppose it by all means in their (possession?).

This telegram has been sent to Tokyo.

MACMURRAY

File No. 861.77/466

*The Ambassador in Japan (Morris) to the Secretary of State*  
[Teleggram]

TOKYO, September 8, 1918, 11 p. m.

[Received September 9, 11.28 a. m.]

Immediately upon receipt of your cable<sup>1</sup> I communicated the contents orally to the Minister for Foreign Affairs. [He has] replied that he this morning received practically the same advices from Viscount Ishii who had reported fully a conversation with you upon the same subject. He was at a loss to account for the report that such an order had been issued by the Japanese General at Vladivostok, denied all knowledge of it, could not credit it, and thought it must be due to some misunderstanding. He offered as an explanation the familiar suggestion that the report arose through mistranslation. It might be that Japanese troops had taken over the protection of the railways or some portion of them and that an order to this effect had been so translated as to indicate control of operation. He had this morning telegraphed to Vladivostok to ascertain the facts and hoped an answer some time to-morrow when he would promptly advise me. Until he received the answer there was nothing more he could say.

. . . . Recent events seem to support the statement constantly repeated that the General Staff has a definite policy in Siberia and that it proposes to pursue this policy leaving to the Foreign Office and Viscount Ishii the task of explaining after the event. I say this

<sup>1</sup> Of Sept. 6, 3 p. m., ante, p 242

with great hesitancy and I hope it is not true but we must keep it in mind in watching developments.

MORRIS

File No. 861.77/451

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, September 11, 1918, 4 p. m.

Your September 3, 12 p. m. Department's August 30, 4 p. m., contemplated that Stevens as official adviser of the Russian Ministry of Ways of Communication should, with the assistance of the Russian Railway Service Corps composed of American railway engineers, in the service of Russia undertake the effective working of the railways in cooperation with Russian officials and personnel. As the Department sees it, three distinct questions arise, namely: (1) legal; (2) military; (3) actual railway operation.

This Government does not consider that either the Bolshevik movement or the presence of international military assistance in Siberia or in Manchuria modifies the previously existing rights of Russia or China. At the same time, it is evident that, at least for the present, military operations must be facilitated and that the actual movement of trains must be governed accordingly. It is in these premises that the Department urges the actual operation of the Chinese Eastern, as well as other parts of the Siberian Railway and its branches, by Stevens assisted by the Russian Railway Service Corps, as stated above.

Please make these points quite clear to the Minister for Foreign Affairs, before you leave Tokyo, if practicable. You may also inform the Allied chiefs of mission of these instructions and impress upon them the responsibility which this Government feels to secure through Stevens and the Russian Railway Service Corps, in co-operation with the Allies, the effective operation of the railways for Russia and for the service of the present military undertakings, without prejudice to any previous existing legal or political rights by whomsoever held. Inform Stevens of these instructions, also of your visit to Vladivostok.

LANSING

File No. 861.77/472

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, September 11, 1918, 11 p. m.

[Received September 12, 5.41 p. m.]

I inquired informally of the Minister for Foreign Affairs as to the truth of the report mentioned in your September 7, 2 p. m. He

denied absolutely that such a loan had been made by or with the knowledge of the Japanese Government, and was confident that no Japanese financial interests had taken such action. He advised me in confidence that some time ago Horvat<sup>1</sup> officially requested the Japanese Government to make a loan to the Chinese Eastern Railway of ten million dollars but had been definitely refused. . . .

In conclusion he referred again to the railway situation in Siberia stating that he had thought much of our conversation last Monday as reported in my September 11, 1 a. m.,<sup>2</sup> and was now personally convinced that our Governments should cooperate in some plan to place the operation under control of the Stevens commission. He further explained that as a first step he was endeavoring to deprive the Allied military conference at Vladivostok of jurisdiction over the question. If he could accomplish this, our two Governments would then be free to agree upon some mutual plan.

MORRIS

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File No. 861 77/474

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, September 12, 1918, 10 p. m.

[Received September 13, 10.30 a. m.]

Baron Goto has just advised me that only to-day he received a report from Matsudaira<sup>3</sup> which explains the loan to Horvat referred to in your telegram September 7, 2 p. m., and which greatly modifies the statement which in good faith he made to me yesterday, as reported in my September 11, 11 p. m. It appears that Horvat requested payment in advance of the amount which would be due by the Allied forces for transportation charges. This request was refused by the Allied military council but was subsequently reconsidered and the council then agreed that in lieu of the prices requested, the Japanese military forces should advance to the Chinese Eastern Railway Co. 1,000,000 yen which roughly represented the amount which would be due for transportation and freight charges for movement of troops. This decision was promptly carried out by the General Staff and the Foreign Office had no knowledge of it until this morning.

I am unable to get any information as to the membership, functions or jurisdiction of the Allied military council so constantly referred to.

MORRIS

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<sup>1</sup>Russian Governor and General Manager of the Chinese Eastern Railway.

<sup>2</sup>Not printed.

<sup>3</sup>Tsuneo Matsudaira, Japanese representative in Siberia.

File No 861 77/473

*The Chargé in China (MacMurray) to the Secretary of State*

[Telegram]

PEKING, September 12, 1918, midnight.

[Received September 12, 9.16 p. m.]

When telling me yesterday that the proposal contained in your August 30, 4 p. m.<sup>1</sup> was under careful consideration by the Prime Minister, the Minister for Foreign Affairs made the suggestion that the matter would be simplified if Stevens were to be asked by General Horvat to take over control of the Chinese Eastern Railway. Upon my remarking our Government would scarcely look to the head of the railway administration rather than to the Russian Government for authorization for Stevens to act, he stated to me in confidence that the Tao Yin of Harbin has reported to the Chinese Government statement made to him by Horvat, that within the past four or five days "the Japanese" have been strongly urging him to turn over control to them.

The Minister showed some anxiety to know what progress had been made in the negotiations with other Allies. To my question whether the Japanese Government had given the Chinese any indication of its attitude toward the project he answered that it had not, unless some such indication were to be inferred from a telegram received from the Chinese Minister at Tokyo inquiring whether the proposal had been suggested to the American Government by China.

MACMURRAY

File No 861 77/475

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, September 13, 1918, 8 a. m.

[Received 10.35 a. m.]

I have carefully examined complete records Emerson acts on his western trip and consider that he used excellent judgment in every case under trying circumstances and I heartily approve all that he did.

STEVENS

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<sup>1</sup>Ante, p. 239.

File No. 861.77/478

*The Consul at Vladivostok (Caldwell) to the Secretary of State*

[Telegram]

VLADIVOSTOK, September 13, 1918, 10 a. m.

[Received September 14, 11.43 a. m.]

137. Department's September 6, 8 p. m.<sup>1</sup> Stevens sends following telegram, with which I fully concur:

Recommend 171 locomotives, 10,000 freight cars, and other railway supplies mentioned be sent immediately, provided Allies manage erecting shops, as [Czecho-Slovaks?] at present unable to do so. Above, with 4,700 cars British are sending, sufficient until more railway is opened.

CALDWELL

File No. 861.77/451

*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, September 13, 1918, noon.

1337. The American Ambassador at Tokyo has been instructed to suggest to the Japanese Government and also to inform fully his colleagues representing the Governments of the Allies, the opinion of this Government that Mr. John F. Stevens, chairman of the Railway Advisory Commission to Russia and official advisor of the Russian Ministry of Ways of Communication, should undertake the effective operation of the different sections of the Trans-Siberian Railway and its branches, with the assistance of the American engineers in the service of Russia, known as the Russian Railway Service Corps, in conjunction with Russian railway officials and personnel and in cooperation with the Allies. In making such a suggestion the Government of the United States is simply carrying out its original purpose to assist the Russian people in the vital matter of transportation when it sent a railway advisory commission to Russia in June 1917 and, at the request of the Provisional Government of Russia, organized the Russian Railway Service Corps in September 1917. It does not consider that either the Bolshevik movement or the presence of international military assistance in Siberia or in Manchuria has modified the previously existing rights of Russia or of China. At the same time it is evident that, at least for the present, military operations must be facilitated and that the actual movement of trains must be governed accordingly.

As so much time has intervened since this Government's first step was taken to help Russia through improvement of railway trans-

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<sup>1</sup> Not printed.

portation, it seems necessary, and indeed essential, to recall certain facts. One of the first problems which confronted the Provisional Government of Russia after the revolution of March 1917, was the improvement of the food supply. The revolution had been precipitated by the demand of the people on the streets of Petrograd for food. After a temporary improvement, however, the situation after the revolution began to grow worse than it had been before. It was generally agreed that the total supplies of food in the country were adequate for the population but that the machinery of distribution was collapsing.

This disheartening condition was due primarily to the railways. The situation was brought to the attention of this Government by the American Ambassador at Petrograd and was further enlarged upon informally and unofficially by Mr. Stanley Washburn, now Major in the United States Army, upon his return from Russia in the spring of 1917. During the spring and summer of that year it is also understood that both the British and French Governments were agreed upon the seriousness of the railway situation and the assistance which might come from America owing to the close parallel between general railway problems in America and in Russia where, in both countries, questions of long haul were the rule and not the exception.

The establishment of democratic principles in Russia had been welcomed by this Government and by the people of the United States. It was felt that a first step in bringing the prevailing sentiment of sympathy for Russia to some concrete expression might well take the form of helping the Russian people improve their railway systems, especially that system of connecting lines known as the Trans-Siberian Railway.

After serious reflection and deliberation, the President, with the knowledge and approval of the Provisional Government of Russia, determined to send a railway advisory commission of five experts of the first rank who should study, first of all, the Trans-Siberian system, and prepare themselves to offer such advice and counsel as the railway administration of Russia might express a wish to receive.

The commission, consisting of Messrs. Stevens, Darling, Greiner, Gibbs, and Miller, arrived at Vladivostok the first part of June 1917 and, after a brief inspection of the enormous quantities of accumulated munitions and other material at that port, proceeded across Siberia in a special train provided by the Russian railway administration and made a sound survey of conditions as they passed. They were then put in touch with the Minister of Ways of Communication and his assistants at Petrograd. At the request of the Minister, they not only informed him fully as to their recommendations in

regard to the Trans-Siberian Railway but also undertook to inspect conditions in the Donets Basin and report on the railways to Archangel and Murmansk. As they completed their special studies, the members of the commission in turn came back to the United States with the exception of Mr. Stevens; he remained and was established in the Ministry of Ways of Communication in the capacity of special advisor, in the expectation that he might assist in carrying into actual operation the measures which the commission had agreed with Russian officials were vital.

It was at this time that the Provisional Government of Russia requested that a corps of American railway engineers, organized to constitute skeleton division units as known in this country, should be formed here and enter the service of the Provisional Government of Russia. The plan was to establish these engineers in an advisory capacity along the different sections of the Trans-Siberian line. Upon entering the service of the Provisional Government, that Government undertook to meet all expenses of maintenance and subsistence of the men of whatever character. The Russian Railway Service Corps was thereupon organized by selecting picked engineers from different American railways and left the United States the 1st of November 1917.

The Bolshevik revolution having occurred while they were in transit to Vladivostok, they were unable to enter at once upon their duties. At the request of the Russian Ambassador at Washington they were therefore retained in Japan until an opportunity appeared for them to make a start. This opportunity came in March 1918, when about 110 of these engineers were sent to the Chinese Eastern Railway, operating from Harbin as a base; the balance, consisting of about 90 men, were recently sent to Vladivostok.

Mr. Stevens is not only one of the leading railway engineers of the United States but also proved his high capacity in the earlier stages of the building of the Panama Canal. He has now been more than a year in Russia during which time he has been a constant student of Russian railway problems and conditions. The majority of the engineers under him have obtained some experience of actual operation and some of his subordinates have established contact with the personnel of the Trans-Baikal and Tomsk Railways and the sections of the Trans-Siberian line further west in Siberia and European Russia. Both he and his colleagues undertook their responsibilities with a clear sense of duty. They will continue their work in the same spirit.

The Government of the United States believes it necessary and a part of frank understanding with the Allied Governments and the

people of Russia, to state definitely and without any reservations whatsoever that it disclaims all purpose to obtain any interest or control in the railways of Russia. Such a purpose is not only foreign to this Government, but would not be tolerated by the people of the United States. Mr. Stevens and his associates are the agents of the Russian people. The Russian Service Corps will continue to be maintained from Russian funds disposed of by the Russian Ambassador at Washington until such time as their service may be either continued or concluded by established authorities in Russia.

You may bring this matter, to which this Government attaches great importance, to the attention of the Government to which you are accredited and emphasize the responsibility which the Government of the United States obligated itself to assume in order to secure the effective operation of the railways for Russia and for the service of the present military assistance in Siberia without prejudice to any previously existing legal, political, or other rights, by whomsoever held.

I will bring this matter myself formally to the attention of the British, French, Japanese, and Italian Ambassadors here and confidently expect not only the full understanding but also the cordial cooperation of the Allied Governments which they represent.

Repeat, *mutatis mutandis*, to Paris, 5598, and Rome, 1683.

LANSING

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File No 861.77/451

*The Secretary of State to the Chinese Minister (Koo)*

WASHINGTON, September 13, 1918.

MY DEAR MR. MINISTER: I have the honor to enclose herewith the text of a telegram dated September 13, 1918, which has been sent to the American Ambassadors at London, Paris and Rome, relative to the service, in Siberia, of the Russian Railway Service Corps.<sup>1</sup>

As you are no doubt aware, the American Chargé d'Affaires at Peking has already communicated to your Government my belief that Mr. Stevens and the Russian Railway Service Corps of American engineers in the service of Russia, could best undertake the actual and technical operation of the Siberian Railway and its branches at the present time.

You are also aware of the importance which this Government attaches to its purpose to assist Russia in the matter of transportation. I have felt it not only necessary and a part of frank understanding but also advisable that our aim should be disclosed fully in order to anticipate the formation of opinion based on partial information.

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<sup>1</sup>*Ante*, p. 249.

Accordingly, I should be very glad if you would bring this telegram to the attention of your Government. It states the whole purpose of the United States on the subject it covers without any reservations whatsoever. I am communicating in the same sense with your colleagues of the Allied Governments and confidently expect that the Chinese Government may not only come to a thorough understanding of our purpose but also extend its cordial cooperation.

I am [etc.]

ROBERT LANSING

File No. 861 77/465

*The Secretary of State to the Chargé in China (MacMurray)*

[Telegram—Extract]

WASHINGTON, September 13, 1918, 6 p. m.

Your September 7, 8 p. m.<sup>1</sup> The Department's August 30, 4 p. m.,<sup>2</sup> transmitted to you through Tokyo contemplated—

[Here follows, *mutatis mutandis*, the text of the telegram to the Ambassador in Japan, September 11, 4 p. m., *ante*, page 246.]

Similar instructions are being sent to Tokyo, London, Paris, and Rome.

Tokyo reports that the Allied representatives at Vladivostok and the Japanese General Staff disapprove the present elimination of Horvat. The Japanese Minister for Foreign Affairs stated that he realized that the railways ought to be taken out of political controversy and operated on a business plan but that misunderstanding and possible suspicion as to America's object might make it difficult. He promised a formal reply soon.

In reference to your queries regarding the Russo-Asiatic Bank and the Chinese president of the Chinese Eastern Railway, the intent of this instruction is to make clear that the proposal of this Government contemplates the operation of the railways with the cooperation of the Allied powers and the assistance of the Russian and Chinese officials and personnel without interference with the legal, political, or other rights of any interested parties.

LANSING

File No. 861.77/451

*The Secretary of State to the Japanese Ambassador (Ishii)*

WASHINGTON, September 14, 1918.

MY DEAR MR. AMBASSADOR: I am enclosing for the information of your Government the text of a telegram dated September 13,

<sup>1</sup>Ante, p. 243.

<sup>2</sup>Ante, p. 239.

1918,<sup>1</sup> which has been sent to the American Ambassadors at London, Paris and Rome, relative to the service, in Siberia, of the Russian Railway Service Corps. I have also communicated the text of this telegram to the British, French and Italian Ambassadors and the Chinese Minister. At the same time I requested them to bring it to the special attention of their Governments, and expressed my confident expectation not only of the full understanding but also of the cordial cooperation of the Allied Governments which they represent.

You are aware of the importance I attach to our purpose to assist Russia in the matter of transportation. I have felt it necessary and a part of frank understanding, that our aim should be disclosed fully in order to anticipate the formation of opinion based on partial information.

The American Ambassador at Tokyo has already informed your Government of our general proposal in regard to the Russian Railway Service Corps, but I would be glad to have you bring this telegram also to the attention of the Minister for Foreign Affairs. It states the whole purpose of this Government on the subject it covers without any reservations whatsoever.

I need not add that I should be glad at an early opportunity to discuss any questions affecting this matter which you may desire to bring to my attention.

I am [etc.]

ROBERT LANSING

File No. 861.77/451

*The Secretary of State to the British Chargé (Barclay)*

WASHINGTON, September 14, 1918.

SIR. I have the honor to enclose herewith the text of a telegram dated September 13, 1918,<sup>1</sup> which has been sent to the American Ambassadors at London, Paris and Rome, relative to the service, in Siberia, of the Russian Railway Service Corps.

The Government of the United States attaches great importance to its purpose to assist Russia in the matter of transportation. I feel it is not only necessary and a part of frank understanding with your Government but also advisable that the aim of the Government of the United States should be disclosed fully in order to anticipate the possible formation of opinion based on partial information.

I should be glad if you would bring this telegram to the special attention of your Government. It states the whole purpose of the United States on the subject it covers, without any reservations

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<sup>1</sup>Ante, p. 249

whatsoever. I am communicating in the same sense with your colleagues of the Allied Governments and confidently expect that the British Government may not only come to a thorough understanding of our purpose but also extend its cordial cooperation.

Accept [etc.]

ROBERT LANSING

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File No. 861 77/451

*The Secretary of State to the Russian Ambassador (Bakhmeteff)*

WASHINGTON, September 14, 1918.

MY DEAR MR. AMBASSADOR: I am taking this occasion to enclose to you herewith the text of a telegram dated September 13, 1918,<sup>1</sup> which has been sent to the American Ambassadors at London, Paris and Rome, relative to the service, in Siberia, of the Russian Railway Service Corps.

You appreciate fully the importance I attach to our purpose to assist Russia in the matter of transportation. As you already know, the American Ambassador at Tokyo has been instructed to say to the Japanese Government that I believe the technical and actual operation of the Siberian Railway, and its branches, might best be undertaken by Mr. Stevens and the American railway engineers in the service of Russia.

I have felt it not only necessary and a part of frank understanding with the Allied Governments but also advisable that our aim should be disclosed fully in order to anticipate the formation of opinion based on partial information. You already appreciate that the telegram enclosed states the whole purpose of the United States on the subject it covers, without any reservations whatsoever.

I need not add that I shall be glad to discuss with you any further questions concerning this matter which you may desire to bring to my attention.

I am [etc.]

ROBERT LANSING

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File No. 861 77/480

*The Chargé in China (MacMurray) to the Secretary of State*

[Telegram]

PEKING, September 16, 1918, 5 p. m.

[Received September 16, 4.19 p. m.]

Your telegram September 13, 6 p. m. I beg to repeat my request for information about the progress of negotiations with European Allies concerning the Siberian railways. So complete is the domina-

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<sup>1</sup>Ante, p. 249.

tion of Japanese influence over the present Chinese Cabinet that I feel it is unlikely this Government will dare to act upon our proposal unless assured that the project has the support of all other Allies.

I am in doubt whether the final paragraph of your telegram above cited is to be construed as waiving insistence upon elimination of Horvat.

I beg to request an immediate reply inasmuch as these points will prove of primary importance in determining the attitude of the Chinese Government.

MACMURRAY

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File No. 861 77/487

*The Chargé in China (MacMurray) to the Secretary of State*

[Telegram]

PEKING, September 17, 1918.

[Received September 20, 2.52 a. m.]

Following telegram has been received from Harbin:

17th. Chinese Governor called to-day complain General Gaida's<sup>1</sup> order establishing military court Harbin and practically putting railway zone under martial law. Says even if Gaida acting for Russians, latter never had such extensive powers. I explained we knew nothing Gaida action and promised bring matter attention Legation. Horvat evidently agreed Gaida order as he has not protested any way I know of. Strike practically ended when Gaida acted but his order possibly stopped similar action part Japanese. Would appear martial law necessary on railway and Czechs acting behalf Russians. Possibly best solution though may be [necessary to] quiet Chinese artisans [authorities?] by some sort explanation. Governor intimated Chinese troops should be ones enforce conquered [order on?] railway. He expresses great friendliness Americans but inclined believe Japanese pressing him this instance, either [directly] or through Peking.

MACMURRAY

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File No. 861.77/480

*The Secretary of State to the Chargé in China (MacMurray)*

[Telegram]

WASHINGTON, September 17, 1918, 7 p. m.

Your September 16, 5 p. m. This Government does not insist upon the present elimination of Horvat as an official of the railway.

LANSING

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<sup>1</sup> Of the Czechoslovak troops in Siberia.

File No. 861.77/483

*The Chargé in Japan (Spencer) to the Secretary of State*

[Telegram]

TOKYO, September 18, 1918, 10 p. m.

[Received September 19, 6.25 a. m.]

I have to-day received the following memorandum from Minister for Foreign Affairs:<sup>1</sup>

Japanese Government fully realize the situation in which it has been found advisable by the Government of the United States to make an arrangement proposed in the memorandum of American Embassy of September 3 for placing in Mr. Stevens's hands general direction of the Trans-Siberian and Chinese Eastern Railways. They presume that the proposals have been actuated solely by considerations of military necessity as no other reason would seem to justify a measure which will necessitate displacement of Russian officials contemplated in those proposals. Whatever may be said against General Horvat of his recent political move, it can not be denied that he was duly appointed as director of the Chinese Eastern Railway and that his appointment was duly confirmed by the last recognized Government of Russia. In that capacity he is also lawfully in charge of the Ussuri Railway administration which has under Russian law been entrusted to the Chinese Eastern Railway. It is well understood that Mr. Stevens and members of railway units under his supervision were equally chosen and empowered by same Government of Russia which confirmed General Horvat's authority and are being paid and supported out of funds belonging to Russian people. It would, however, appear that they were so chosen and empowered for specific mission of giving technical advice to Russian Government and railway officials, and that neither Advisory Commission of Railway Experts under Mr. Stevens nor Russian Railway Service Corps under Colonel Emerson have been authorized to assume direction of Russian railways or generally to act as agents of Russian people outside scope of defined mission. Accordingly Japanese Government sincerely apprehends that if General Horvat and railway officials under him were to be removed by foreign powers from office which they have lawfully held, such action might with good reason be regarded as constituting intervention in Russia's domestic administration which it has always been the avowed policy of Associated Governments to denounce. It then remains to examine whether the measure now proposed would be warranted by military necessity of supreme importance. It will be remembered that at conference of the Allied military representatives and Russian railway officials held at Vladivostok on August 21 it was decided that direction and management of Russian railways be left in hands of Russian officials. No doubt the question of military necessity was carefully weighed by the Allied officers who took part in the conference and full importance should be placed on the decision

<sup>1</sup>Text corrected after comparison with the original in the Japanese Foreign Office (File No 026 Foreign Relations/326).

then adopted, representing as it does the considered views of military experts on the spot.

In this situation Japanese Government are frankly of opinion that in the absence of absolute necessity for the purpose of military transportation, it would be a safer course for any of cobelligerents to refrain from action such as is now proposed which, with all its good intentions, might readily give rise to serious misgivings and frictions.

Repeated to Ambassador Morris.

SPENCER

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File No. 861 77/486

*The Ambassador in Japan (Morris), temporarily at Vladivostok, to the Secretary of State*

[Telegram]

VLADIVOSTOK, September 18, 1918, 10 p. m.

[Received September 19, 10.10 a. m.]

Arrived Vladivostok yesterday morning. Just before leaving Tokyo I delivered to Baron Goto<sup>1</sup> your September 8, 12 midnight.<sup>2</sup> His comments did not differ in any essential point from those previously reported. He spoke with less conviction, however, and I think that the Japanese Government is prepared to agree in principle to the proposal that Stevens assume the management and operation of the railways. I found Stevens here and advised him of the situation and discussed with him at length the best method of placing him in control. There would seem to be no practical difficulty in authorizing General Otani, as senior officer of the Allied forces, to assume the military protection of the railways and to designate Stevens, the representative of the Russian people, director general with full powers to operate the entire system. Such a method would save the face of the Japanese General Staff and would at the same time confer the necessary power on Stevens as well as obligate the Japanese Army to furnish adequate protection. May I suggest that you urge upon Viscount Ishii the vital importance of immediate action.

General Graves<sup>3</sup> advises me that there is no formal Allied military council but merely an informal committee of military representatives who have met to arrange details of transportation of troops and material; that he has sent his quartermaster to meetings of this committee, and that no questions of general policy have been decided.

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<sup>1</sup> Baron Shimpei Goto, Japanese Minister of Foreign Affairs.

<sup>2</sup> Probably refers to the Secretary's telegram of Sept. 11, 4 p. m., *ante*, p. 246. See also the Ambassador's telegram of Sept. 3, midnight, *ante*, p. 241.

<sup>3</sup> Maj. Gen. William S. Graves, commanding the American forces in Siberia.

The British High Commissioner has left for Omsk and the French High Commissioner has not yet arrived. In spite of Baron Goto's expressed fear, I can not conceive that British or French representatives will seriously object to Stevens's appointment.

MORRIS

File No. 861 77/485

*The Ambassador in France (Sharp) to the Secretary of State*

[Telegram]

PARIS, September 18, 1918, 11 p. m.

[Received September 19, 5.03 a. m.]

5110. Your 5598 to [via] London, September 13.<sup>1</sup> In presenting this matter to Mr. Pichon, Minister for Foreign Affairs, to-day, he told me that the French Government was familiar with the distinguished service and ability of Mr. John F. Stevens, knowing something of his work at Harbin. The Minister stated that his Government was in entire accord with the purpose of the American Government as set forth in its telegram; recognizing the need of such an undertaking, it would likewise receive the cooperation of his Government.

SHARP

File No. 861 77/488

*The Chargé in China (MacMurray) to the Secretary of State*

[Telegram]

PEKING, September 19, 1918, 8 p. m.

[Received September 20. 2.52 a. m.]

Upon receipt of your telegrams September 13, 6 p. m.,<sup>2</sup> September 14, 6 p. m.,<sup>3</sup> I communicated to the Minister for Foreign Affairs a summary of them and of your August 30, 4 p. m.,<sup>4</sup> received through Tokyo. He seemed himself wholly favorable to the project and expressed some hope that it would be accepted by the Chinese Cabinet.

I also explained other [orally?] and gave copies of the same summary to the British, French, and Russian Ministers and Italian and Japanese Chargés. They were all noncommittal except the Russian Minister, who at first objected that the proposal to asso-

<sup>1</sup> See final paragraph of telegram No. 1337 to the Ambassador in Great Britain, *ante*, p. 249.

<sup>2</sup> *Ante*, p. 253.

<sup>3</sup> Not printed.

<sup>4</sup> *Ante*, p. 239.

ciate Chinese commissioners with Stevens infringed the concession contract and Article 19 of the statutes of the Chinese Eastern Railway Company enacted thereunder.

Upon my explaining to him, however, that the object of our proposal is to disturb as little as consistent with efficient operation the existing equilibrium of Chinese and of Russian public and private interests therein and ultimately to restore this railway to the *status quo ante*, he acknowledged himself heartily in favor of the project although [as] the sole representative of Russian interests in China, without any authority to waive any portion of his trust in respect to them, he felt obliged to call attention to what appeared to him at least technically a violation of Russian rights.

He has now left with me the following translation of a telegram which he is addressing to the Russian Ambassador at Washington:

American Chargé d'Affaires has communicated to the Allied Ministers, including myself, copy of a memorandum handed by him to the Chinese Government concerning the intention of his Government to take over, for the time of the intervention in Russia, the *de facto* administration of the Trans-Siberian and Chinese Eastern Railways.

He informed me simultaneously that Stevens would act in the name of Russia and safeguard her interests and that management of railways by him does not pursue [*sic*] the creation of a precedent or of any rights whatsoever in favor of America or any infringement to the existing treaty rights of Russia with regard in particular to the Chinese Eastern Railway. As for the latter "it is proposed that commissioners chosen by the Chinese Government in consultation with Stevens should manage this railway." The decision of America having evidently already been sanctioned by the Allies, including Japan, and being based on the agreement between America and the last all-Russian government concerning the engagement of engineer Stevens, we can but submit to it in so far, however, only as it does not infringe with regard to international relations the *status quo* established by treaties [omission] yet the quoted phrase contains such an infringement; according to the contract of 1896, all the rights of China with respect to administration of railway have been ceded to the board of directors of the railway, the president only being appointed by Chinese Government; this post is at present filled by Mr. Ku[o] Chung-hsi. Appointment by the Chinese Government of commissioners for the administration of railway is an extension of the rights of China, creates a precedent in favor of the latter and infringes, accessibly [although?] temporarily, the contract. It will be my duty, as legal and—in the absence of the government—sole defender of the interests of Russia in China and keeper of her treaty rights, to protest against such an infringement. It would be possible to avoid such protest, undesirable for our relations [with] America, if we could receive, with your assistance and through your intermediary, a corresponding declaration of the United States Government. Practically the question could be solved by Stevens's engaging commissioners or supplementary commission-

ers not through the Chinese Government but through the board of directors of the society of the railway as he has the intention of doing to judge by the sense of the order to managers of the Russian railways. With regard to additional explanations of the American Government, it is desirable:

(1) That it should confirm in writing the promise of the American Chargé d'Affaires stating that after the work of the American engineer's mission has been finished, *status quo ante* would integrally be restored on the Chinese Eastern Railway.

(2) That the American Government should promise in virtue of their declaration to support before the Chinese in case of any infringement by the latter of the 1896 contract our protest against such an infringement. Appointment of commissioners confined [chosen by?] Chinese Government and not by the board of directors representing such an infringement and this having already been suggested to China by the American Government themselves, it would be desirable that the latter should find in good time means to avoid conflict in question.

An answer to both points is necessary as soon as possible.

Russian Minister explains that his reference in clause second to our supporting protest against any infringement relates only to infringements for which the Chinese might claim precedent in the situation created by the adoption of our proposal. He further asks me particularly to explain that the protest or reservation which he feels obligated to make is not intended to be an obstacle to the realization of the project which he considers highly desirable from the Russian point of view.

MACMURRAY

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File No. 861.77/533

*The Italian Ambassador (Macchi di Cellere) to the Secretary of State*

[Translation]

No. 2381

WASHINGTON, September 20, 1918.

[Received September 23.]

MR. SECRETARY OF STATE: I have reference to the note so courteously addressed to me by your excellency under date of the 14th instant, and enclosing a copy of a telegram sent by your honorable Department to the Ambassadors of the United States at Rome, London, and Paris with regard to the organization of Russian railways in Siberia.

I made the contents of the note known to his excellency the Royal Minister of Foreign Affairs and Baron Sonnino now telegraphs me that he has been advised by the United States Embassy at Rome of the mission with which Mr. John F. Stevens has been entrusted for

the organization of the railway system of Siberia and wishes me to inform your excellency that the intentions of the Government of the United States in this connection meet with his full approval.

I take pleasure [etc.]

V. MACCHI DI CELLERE

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File No 861 77/489

*The Ambassador in Japan (Morris), temporarily at Vladivostok, to the Secretary of State*

[Telegram]

VLADIVOSTOK, September 20, 1918, 6 p. m.

[Received September 21, 10.08 a. m.]

Since my arrival here Japanese Minister Foreign Affairs has conveyed to me through a third party the information that the Japanese Government is willing to agree that the Stevens engineers take over the Chinese Eastern and Trans-Siberian Railways under military protection. He intimated, however, that his Government is greatly embarrassed by the apparent unwillingness of the British Government to agree to the plan. I can not understand this, as General Knox, Colonel Jack, the British engineer, and Mr. Allston, the diplomatic agent during Eliot's absence, all profess the conviction that such a plan is the only possible solution of the critical transportation problem. If there is any serious British objection, it comes from a higher source.

Apparently all that is needed to carry into effect the plan suggested in my September 18, 10 p. m., is for Great Britain and France to associate themselves with our proposals. There is a practically unanimous desire on the part of representative Russians and Czechs that Stevens be given charge. I find the question of transportation even more serious than I anticipated. It should be solved promptly or all our efforts to aid Russia during the coming winter will be useless.

MORRIS

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File No 861.77/485

*The Secretary of State to the Ambassador in France (Sharp)*

[Telegram]

WASHINGTON, September 21, 1918, 3 p. m.

5684. Repeat your 5110, September 18, 11 p. m., regarding Siberian Railway to London and Rome. At same time inquire whether French Government would be willing to instruct its representatives in Great Britain, [Italy], Japan, China, and Vladivostok of its views on this question. If so, request that they do so.

LANSING

File No 861 77/479

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, September 23, 1918, 4 p. m.

For Morris:

Your September 19, 10.10 a. m. [18, 10 p. m.?]; your September 20, 6 p. m.; Spencer's September 18, 10 p. m., repeated to you from Tokyo; Department's [your] September 3, midnight, *et seq.*<sup>1</sup>

While the Japanese Government seems to have made formal objection in writing to the proposal for Stevens to control the railroad, same having been delivered in Tokyo and conveyed in Spencer's September 18, 10 p. m., it now appears from your September 19, 8 p. m. [18, 10 p. m.?], and September 20, 6 p. m., both from Vladivostok, that the Japanese Government is willing for Stevens to undertake the effective operation of the Chinese Eastern and Trans-Siberian Railroads under military protection.

You are authorized to express this Government's entire approval with the general modification that Stevens undertake operation of the whole system under the military protection of the military authorities in control in the different localities through which the railroad passes.

The French Government, the Russian Ambassador here who pays salaries and expenses of corps, the Russian Minister at Peking and Dr. Masaryk for the Czecho-Slovaks, have each accepted the plan suggested by this Government and expressed agreement. The Chinese Government is favorably inclined. The matter is being taken up with the British again. If Japanese have agreed there would seem to be no reason why plan can not immediately be put into effect. You will please advise Department of developments.

Advise Peking of pertinent parts of above.

LANSING

File No 861.77/479

*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, September 23, 1918, 4 p. m.

1550. You will please refer to Department's telegram of September 13<sup>2</sup> concerning Mr. Stevens and the members of the Russian Railway Service Corps.

You will please say to the British Government that inasmuch as the French, Japanese, and Chinese Governments, the Russian Ambassador at Washington, the Russian Minister at Peking, and Dr. Masaryk speaking for the Czecho-Slovak[s], have expressed agree-

<sup>1</sup>Ante, pp. 258, 262, 257, and 241.

<sup>2</sup>Ante, p. 249.

ment to the proposal of the United States Government, the Japanese with the modification that operation be under military protection to which we have agreed, and in view of the necessities of the case, it is presumed the British Government will also agree and it is hoped they will forthwith instruct their representatives in Siberia to cooperate. Matter is also being taken up again with British Chargé d'Affaires here.

LANSING

File No 861.77/507

*The Russian Ambassador (Bakhmeteff) to the Secretary of State*

WASHINGTON, September 24, 1918.

MY DEAR MR. SECRETARY: I have received your communication of September 14 enclosing the text of a telegram dated September 13, 1918, which has been sent to the Ambassadors in London, Paris, and Rome, relative to the service in Siberia of the Russian Railway Service Corps. This document establishes with all frankness and without reserve the purposes and the spirit of the Government of the United States with regard to the activities of Mr. Stevens and the service corps in operating the Siberian Railway and its branches.

While the purpose of such activities is to secure the effective operation of the railways for Russia and for the service of the present military assistance in Siberia, this important work will be undertaken in conjunction with Russian railway officials and personnel. Mr. Stevens and his associates will be considered as agents of the Russian people and the service corps will continue to be maintained, for the time being, from Russian funds disposed of by the Russian Ambassador in Washington.

I further note that the Government of the United States does not consider that either the Bolshevik movements or the presence of international military assistance in Siberia or in Manchuria has modified the previously existing rights of Russia or of China, and that all the activities will be performed without prejudice to any previously existing legal, political, or other rights by whomsoever held.

I do not need to express how important and gratifying is this definite and sincere statement of the attitude of the United States and how beneficial is such full disclosure of aim in order to anticipate the formation of opinion based on partial information. And this especially, as certain misconceptions have unfortunately already arisen.

I desire to bring to your attention the contents of a cable, dated September 19, which I have just received from the Russian Minister

in Peking. Mr. Kudashev informs me that the American Chargé d'Affaires in Peking has communicated to him a memorandum presented to the Chinese Government and informing that Government of the intentions of the Government of the United States with regard to the operation of the Siberian and Chinese Eastern Railways. While the American Chargé d'Affaires has explained to Mr. Kudashev that Mr. Stevens will act as an agent of Russia, safeguarding her interests, and that there is no intention whatever to create precedents nor to prejudice the existing rights of Russia, emanating from treaties and in particular relating to the Chinese Eastern Railway, nevertheless the Russian Minister was informed "that it is proposed that the Chinese Eastern Railway will be governed by commissioners appointed by the Chinese Government upon agreement with Mr. Stevens."

Mr. Kudashev is of the opinion that such proposition is in contradiction with the existing rights of Russia in regard to the Chinese Eastern Railway. In fact, according to the contract of 1896 between Russian and Chinese Governments, all of the prerogatives of China with respect to the administration of the railroad are embodied with [in] the board of directors of the railroad company, the president of which is appointed by the Chinese Government.

The duties of the president are specified in clause 1 of the contract, as follows:

The president is appointed by the Chinese Government and is remunerated by the company. He may have his headquarters in Peking. It is his special duty to oversee that the obligations of the railway company toward the Chinese Government be strictly observed. Besides, the president is in charge of the correspondence of the company with the Chinese Government and its central and local authorities.

At present the president of the Chinese Eastern Railway is Mr. Godzun [Kuo Hsiang-hsi], the Governor of the Province of Kirin.

Accordingly, the only legal authorities with which Mr. Stevens could cooperate, and in conjunction with whom he may establish proper service of the Chinese Eastern Railway, should be the board of directors with Mr. Godzun as its Chinese president and, in practical matters of technical character, the administration and the personnel of the railway.

The proposal that special commissioners be appointed by the Chinese Government to cooperate with Mr. Stevens is certainly to be regarded as a modification of the previously existing rights of Russia or of China and might create a precedent which, in the future, could cause difficulties when reestablishing the legal *status quo*.

The Russian Minister in Peking states that he will feel it his duty to protest against what he regards to be a violation of, legally and by treaty, established rights.

Being aware of the true spirit of the Government of the United States, besides so clearly defined in the telegram of September 13, I assume that the impression created in Peking as to the intentions of the United States Government to enact or to support a scheme, infringing the existing rights of Russia, is due to a misunderstanding.

I therefore respectfully request that Mr. Stevens be advised, that, with regard to the effective operation of the Chinese Eastern Railway, he should cooperate with the existing board of directors and, in technical and practical matters, with the administration and the personnel of the railroad. At the same time I would respectfully solicit that a detailed statement of the aims of the Government of the United States in regard to the service of the Russian Railway Service Corps, as expressed in the telegram of September 18, be transmitted to the American Chargé d'Affaires in Peking and be communicated through the latter to the Russian Minister.

I avail myself [etc]

B. BAKHMETEFF

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File No 861 77/488

*The Secretary of State to the Chargé in China (MacMurray)*

[Telegram]

WASHINGTON, September 24, 1918, 1 p. m.

Your September 19, 8 p. m. You will please press the Chinese Government for a favorable reply at the earliest moment and may say the French Government, Doctor Masaryk for the Czechoslovaks, the Russian Minister at Peking and Russian Ambassador at Washington, have expressed their agreement and also the Japanese Government, which suggests only that the operation be under military protection to which this Government has assented.

You may say to the Russian Minister that the Russian Ambassador at Washington is entirely cognizant of the plan and thoroughly in sympathy with it and that this Government must deal of course with the Russian Ambassador at Washington in matters relating to Russia. There can be no objection to your saying to him that we hope he will feel assured that the United States Government is acting in this matter in the interest of the Russian people.

LANSING

File No 861 77/478

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, September 24, 1918, 4 p. m.

Your 137, September 13, 10 a. m.<sup>1</sup> For Stevens:

Are the Allies unable to manage erecting shops as you state because 120 Baldwin men sent home? Department has conferred with Felton and both desire full statement of existing conditions at Vladivostok and what you think should be done to meet situation.

LANSING

File No 861 77/494b

*The Secretary of State to the Chargé in Japan (Spencer)*

[Telegram—Extract]

WASHINGTON, September 24, 1918, 8 p. m.

Referring your September 19 [18], following is complete text of telegram sent to London, Paris, and Rome September 13 and handed to Japanese Ambassador and Chinese Minister here September 14<sup>2</sup> with statement that it represented whole purpose of United States on subject it covers, without any reservations whatever. Repeat to Peking with instructions to send to Harbin and to Vladivostok for Ambassador and Stevens.

[Here follows telegram No. 1337 of September 13, noon, to the Ambassador in Great Britain, *ante*, page 249.]

LANSING

File No 861.77/494

*The Ambassador in France (Sharp) to the Secretary of State*

[Telegram]

PARIS, September 24, 1918, 11 p. m.

[Received September 25, 8.11 p. m.]

5181. Your 5684, September 21, 3 p. m. Instructions as to repetition London and Rome have been followed. In bringing the subject matter of your telegram to M. Pichon to-day, he informed me that he had already instructed the representatives of the French Government in Japan, China, Great Britain, and Vladivostok of its views on this question, at the same time communicating them to Ambassador Jusserand at Washington.

A written reply from the Minister to my previous representation has now been received to the effect that all French civilian and

<sup>1</sup> *Ante*, p. 249.

<sup>2</sup> See *ante*, pp. 252 and 253.

military agents at present in the extreme east will be invited to give their cooperation in every way possible and without reservation to the American Railway Commission and that the French Government agrees with the Government of the United States in considering that the powers formerly conferred by the Provisional Government of Mr. Kerensky, have lost none of their validity. The note adds that M. Pichon feels it his duty to recall the fact that the whole of the capital stock of the Chinese East[ern] Railway belongs to the Russo-Asiatic Bank, of which more than two thirds of the capital is French but that this remainder of the right of the Russo-Asiatic Bank is solely with the object of making some reservation regarding the activity of Mr. Stevens's mission in connection with this railroad, the operation of which, far from prejudicing any right, can only consolidate the value, all the more so by reason of the declaration of generous disinterestedness proclaimed by the United States Government. Copy of this note in reply follows in next pouch.

SHARP

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File No 861.77/498

*The Ambassador in Japan (Morris), temporarily at Vladivostok,  
to the Secretary of State*

[Telegram]

VLADIVOSTOK, September 26, 1918, 6 p. m.

[Received 6.28 p. m.]

Your September 23, 5 [4] p. m. In my judgment we can assume that our proposals in regard to the railways have been agreed in principle and that only the method of transfer is still a subject of negotiation. Both Matsudaira and Horvat have called upon me and I have discussed the details with them at length. The attitude of the French Government has strengthened our position. The British representatives while continuing to express sympathy will not definitely commit themselves.

Horvat's object is to avoid personal humiliation and both Great Britain and Japan will I think support him in this effort. The matter is so vital to the interests of Russia that I am proceeding on the assumption that our Government will be satisfied with any method which transfers to Stevens and Emerson the unhampered control of operation during the period of military occupation and that it is immaterial whether the transfer is made through Horvat, with the consent of the powers interested, or by military order.

Unless advised to the contrary I shall conduct the negotiations on this theory agreeing to no terms which do not meet the approval of Stevens and Emerson. Stevens has been in Harbin for a few days but returns to-night. In the meantime I have been endeavoring by

conversations with leading Russians, in reference to representatives [sic] of the Allies, to dissipate the prevailing suspicion that we are trying to steal a railroad.

MORRIS

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File No. 861 77/498

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, September 27, 1918, 4 p. m.

For Morris:

Your September 26, 6 p. m. Referring to Department's September 24, 8 p. m., repeated to you from Tokyo, the Government of the United States does not desire to embarrass any proper method of enabling Stevens and Russian Railway Service Corps to assure effective operation of the railways for the service of the present military assistance in Siberia and for the benefit of Russia which may be in harmony with the frankly expressed purpose already conveyed to you in the telegram of September 24, 8 p. m., referred to above. Repeat this to Peking together with your September 26, 6 p. m., for information.

LANSING

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File No. 861.77/502

*The Consul at Vladivostok (Caldwell) to the Secretary of State*

[Telegram]

VLADIVOSTOK, September 28, 1918, noon.

[Received September 29, 12.14 p. m.]

177. Following from Stevens:

Your cable through Consul September 24, 4 p. m. Vladivostok car plant, 600 men, of whom 100 workmen, balance staff and supernumeraries, no organization, no control; output averages 25 cars per week. Under efficient management should be from 75 to 100 per day. I have personnel to organize properly with military support. Harbin locomotive plant, 700 mechanics, no proper organization or supervision. I have few our service men there but their efforts useless as no attention paid to them. Output about 2 locomotives per week, capacity under my absolute control would be 6 locomotives per day. I would want Vurst and about 20 Baldwin foremen. There are plenty good workmen there, only require absolute authority backed by Allied military support. Same conditions must obtain entire railroad if efficiency is to be had.

CALDWELL

*The Ambassador in Japan (Morris), temporarily at Vladivostok,  
to the Secretary of State*

[Telegram]

VLADIVOSTOK, September 30, 1918, 9 p. m.

[Received October 1, 3.55 a. m.]

The following is a summary of railway negotiations to date:

In regard to the Chinese Eastern Railway, after several long talks with Horvat, yesterday noon for the first time he assented in principle to the American proposals and at my suggestion Stevens and he have arranged a meeting to discuss details.

The method which Stevens and I propose to submit first to General Horvat and then if approved by him to the Allied representatives is that the senior military authorities shall take over the military protection of the railways within their jurisdiction and shall name Stevens as Director General of Operation. At the same time an Allied advisory committee shall be created consisting of one representative of each of the powers which have dispatched troops to Siberia and the chairman of this committee shall be a Russian. Stevens will undertake to report to and advise with this committee at regular intervals but the actual control of operation shall remain wholly in his hands.

In regard to the Trans-Siberian Railways the practical problem is even more complicated. The factors to be considered are:

1. Ustrugov, who claims jurisdiction as the last legally appointed director of the Trans-Siberian Railway lines. He is vigorously opposing any action which would prevent him from regaining any of his former authority. I have seen him several times and while he presumes to speak for the remnants of the personnel of the previous administration whose cooperation is necessary to Stevens I believe that his claims are unjustified and can be ignored.

2. The Czech representatives whose forces are now actually protecting the lines. They will welcome Stevens's cooperation in organizing the system but are not in any position to give more than passive support.

3. The Omsk provisional government so called; and the Ufa conference of all Russia which has grown out of it. For practical purposes they may be treated as one group. Their representative, the provisional president, Mr. Vologodski, is here. Prince Lvov, former Premier of Russia, who strongly sympathizes with this movement, is with him and I have conferred at great length with both of them. While holding that the all-Russian government has

succeeded to the rights of the former Russian Government in the Siberian Railways they do not press this technical contention but point out most earnestly that any action in reference to the railways which ignores their existence would greatly injure their whole movement and might wreck it. They do not ask for recognition but only for an opportunity to take some formal initiative which would show to the elements supporting them that Stevens was acting with their knowledge and consent and thus had the support of the only existing organ of Siberian public opinion. Their first suggestion was that they should write to me formally requesting that Stevens take over the operation of railways. I objected to this suggestion as carrying with it implications which might be embarrassing. As an alternative it was suggested that such a letter might be addressed to Stevens himself as the agent of the Russian people. This suggestion commends itself to my judgment; it would represent some expression of Russian opinion, would be addressed to an agent of the Russian people and not to a representative of our Government, and would help to soften any subsequent military order which might be necessary to place Stevens in control.

I do not consider the Omsk government very significant. Judging only from many conversations with representative Russians the political situation does not show promise permanent success for any constructive movement. The advent of Allied forces had led to the hope among former officials, civil and military, that they will now regain the power and influence they had before the revolution. The attitude of these officials indicates that they will be relentless in their endeavor to suppress all liberal or moderate movements. Possibly nothing but their inevitable failure will bring them to reason. I can see no objection, however, to an appeal from the Ufa representatives of the Omsk government for Stevens's aid.

It is my present intention to remain here and endeavor to complete the negotiations as promptly as possible and continue the investigation of economic and social conditions in Siberia. I hope to forward this week for the Department and the War Trade Board suggestions for immediate economic assistance and also a summary of the conclusions reached in consultation with Y.M.C.A. and Red Cross representatives as to the limits of social work this winter.

If the negotiations can be concluded within a reasonable time I should like to go westward before venturing to submit report on political conditions. Would the Department approve my inviting Mr. Crane to accompany me on such a journey?

*The British Chargé (Barelay) to the Secretary of State*

No. 1100

WASHINGTON, October 3, 1918.

[Received October 4.]

SIR: I duly informed Mr. Balfour of the telegram, the text of which was enclosed in your note of September 14,<sup>1</sup> sent to the American Ambassadors in London, Paris, and Rome, relative to the service in Siberia of the Russian Railway Service Corps.

I have now the honour to inform you that I have received a reply stating that the difficulties which confront a satisfactory solution of the question of railway control in Siberia are fully recognized by His Majesty's Government. All that they are concerned to see is the efficiency of the railway administration, and any means by which this can best be secured will be welcomed by them.

In the circumstances that have arisen, His Majesty's Government would prefer that the United States and Japanese Governments should arrange the question of actual control, since they are primarily interested, and His Majesty's Government will fall in with any agreement which may ultimately be reached by those two Governments.

I have [etc.]

COLVILLE BARCLAY

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, October 3, 1918, 6 p. m.

For Morris:

Measures suggested your September 20 [30], 9 p. m., both as regards Chinese Eastern and other lines approved. The Department is gratified by your able handling of this difficult question and appreciates your lucid analysis of the situation, both as regards military problems and also this pressing matter of the railways.

Before approving the suggested possibility of your proceeding westward the Department believes that it would be better to reach some clear conclusion in regard to your expected reports on economic and social assistance.

LANSING

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<sup>1</sup>Ante, p. 254.

File No 861 77/512

*The Ambassador in Japan (Morris), temporarily at Vladivostok,  
to the Secretary of State*

[Telegram]

VLADIVOSTOK, October 4, 1918, 10 p. m.

[Received October 5, 5.25 a. m.]

There has been a suspension of progress in the railway negotiations since my September 30, 9 p. m. The British representatives are still awaiting some word from their Government. The Japanese representatives, both civil and military, profess to have telegraphed to Tokyo their approval of the plan suggested but fear that the recent change of ministry may delay formal action by their Government. We have conferred with every [Allied?] representative here but while they have all agreed to the plan no one has authority to act.

I fear we shall weaken our position by remaining here too long. Stevens and I will leave next Tuesday for Harbin, where I will stay several days prepared to return to Vladivostok if necessary. Stevens will keep in touch with me until some decision is reached.

If the matter still drags and if the Department approves I will abandon my plan of a journey westward to study political conditions and will return to Tokyo to confer with Uchida.<sup>1</sup> If Ishii<sup>2</sup> favors our proposal can not he use his influence with his Government? Would it be wise to approach the British Government again? Stevens's work will be seriously hampered if no decision is reached before the winter begins. After the receipt of this cable, please communicate with me through the American Consulate at Harbin.

MORRIS

File No 861 77/515

*The Secretary of State to the British Chargé (Barclay)*

No. 271

WASHINGTON, October 5, 1918.

SIR: I have the honor to acknowledge the receipt of your note No. 1100, dated October 3, 1918, and take this early opportunity to express the gratification that the Government of the United States feels at learning that the Government of Great Britain will be pleased to fall in with any agreement which may ultimately be reached by Japan and the United States in regard to the effective operation of the Siberian Railway and its branches, including the Chinese Eastern Railway. I am communicating the views of your

<sup>1</sup> Viscount Yasuya Uchida, Japanese Minister of Foreign Affairs.

<sup>2</sup> Viscount Kikujiro Ishii, Japanese Ambassador at Washington.

Government at once to the other Governments who have been addressed on this subject and would be glad if Mr. Balfour would be willing to notify the British Diplomatic Missions at Rome, Paris, Tokyo and Peking, of the tenor of the reply he has conveyed through you.

Accept [etc.]

ROBERT LANSING

File No. 861.77/518

*The Ambassador in Japan (Morris), temporarily at Vladivostok, to the Secretary of State*

[Telegram]

VLADIVOSTOK, October 7, 1918, 12 p. m.

[Received October 8, 4 a. m.]

Your October 3, 6 p. m., deeply appreciated. The railway negotiations are not yet concluded. Ustrugov referred to in my September 30, 9 p. m., has been very active in advocating an utterly impracticable plan with a view to delaying action. The new Japanese Ministry to-day cabled its representatives here that it did not approve passages in it but suggested that the Russians under Japanese advisers operate the line from Changchun to Harbin and from Harbin to Karymskaya. This is impossible and Stevens with my approval definitely refused to consider it. Two organizations can not operate a main line. This is evident to the Japanese representatives here, who are now earnestly supporting our plan, and they have replied to their Government urging its acceptance. Because of your telegram and of these developments I have given up my journey to Harbin and will remain here.

MORRIS

Plan for Management of the Railways by Stevens, October 13, 1918—Japanese Objections and Counter-Proposal for an Inter-Allied Committee with an Advisory Technical Board Headed by Stevens, December 2, 1918<sup>1</sup>—Objections by Stevens—Acceptance of the Japanese Plan with Modifications Making the Technical Board Administrative, January 9, 1919

File No. 861.77/518

*The Ambassador in Japan (Morris), temporarily at Vladivostok, to the Secretary of State*

[Telegram]

VLADIVOSTOK, October 13, 1918, 5 p. m.

[Received October 14, 3.48 a. m.]

The details of the plan for operating the railways have now been formally agreed to not only by Horvat, as representing the manage-

<sup>1</sup> See footnote 1, *post*, p. 288.

ment of the Chinese Eastern, but also by Ustrugov who has undertaken to speak for the managements and personnel of the several railways comprising the Trans-Siberian Railway system. The agreement of the latter disposes of an opposition which proved more effective than I at first anticipated. The essential details agreed upon are stated in an informal memorandum which reads as follows:

#### ARTICLE 1

The general supervision of the railways in the regions in which the Allied forces are now operating shall be regulated and controlled by a special inter-Allied committee which shall consist of representatives from each power, including Russia, having military forces in Siberia and the chairman of which shall be a Russian. The inter-Allied committee shall exercise its supervision through:

- (a) A central office to be established for the operation of all the railways in the zone of Allied military operations;
- (b) An Allied military bureau to be created for the purpose of coordination of military transportation under direction of the proper military authorities.

#### ARTICLE 2

The protection of the railways shall be placed under the Allied military forces, and the technical administrative and economical management of all the railways in the said zone shall be entrusted to John F. Stevens, who shall be appointed by the senior military officers of the Allied forces in the several districts occupied by them. Mr. Stevens shall be given the title of Director General.

#### ARTICLE 3

At the head of each railway shall remain a Russian manager or director with the powers conferred by existing Russian law. The relations of the chairman of the inter-Allied committee and the Director General with said managers of railways shall be regulated according to the laws and rules heretofore established for the operation of the Russian railways.

#### ARTICLE 4

Each of the said managers shall have under him a railway office and a staff of engineers and employees. In such offices and on the railways the Director General may appoint in his discretion assistants and inspectors chosen from among the citizens of the Allied powers.

#### ARTICLE 5

The Director General shall appoint the general technical and administrative staff of central office and distribute the work among the members of such staff. The Director General shall appoint an assistant who shall be a Russian citizen. The staff of the central office, as appointed by the Director General, may consist of Russian and Allied engineers and agents.

#### ARTICLE 6

The clerical staff of the inter-Allied committee shall be appointed by the chairman of the committee who shall have the right of distributing the work among such employees as well as of dismissing them.

I have given a copy to each of the Allied representatives who have all expressed their approval and I hope that it will also be approved

by the Department. It represents an adjustment of many conflicting interests.

Although personally Matsudaira and the members of the Japanese Staff favor the plan, the Japanese Government still hesitates to agree. I shall therefore return to Tokyo and take up the question with the new ministry. The cooperation of Horvat and Ustrugov and the Allied representatives have greatly simplified the issue. Mr. Stevens has consented to go with me in case any technical administrative question should arise. We will go by way of Harbin to investigate the report that Japanese engineers have practically taken over the operation of a part of the Chinese Eastern Railway in that neighborhood.

MORRIS

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File No. 861 77/518

*The Secretary of State to the Consul at Vladivostok (Caldwell)*

[Telegram]

WASHINGTON, October 18, 1918, 3 p. m.

[For Morris:]

Your October 18, 5 p. m. Department would like to urge acceptance of plan at once upon Japanese Ambassador here, but does not understand or see necessity for phrase in Article 2, "who shall be appointed by the senior military officers of the Allied forces in the several districts occupied by them." Time presses for early settlement.

LANSING

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File No. 861 77/518

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, October 23, 1918, 5 p. m.

Referring to Siberian railways. If you can clear up the point in doubt in Article 2 of the memorandum of agreement, Department desires you to emphasize the fact that Mr. Stevens, and the Russian Railway Service Corps which will assist him, will represent Russia and not the United States or any possible interest of the United States. The Department considers this point essential because the United States has no desire or purpose to secure an interest in the railways of Russia or to control them for itself.

LANSING

File No. 861 77/525

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, October 24, 1918, 3 p. m.

[Received 9.54 p. m.]

I returned to Tokyo yesterday and found your October 18, 3 p. m., here. The phrase referred to was inserted to meet the objection of General Otani, that his jurisdiction as senior commander extended only over the forces in eastern Siberia and did not cover the Japanese forces guarding the Chinese Eastern in Manchuria or the Czechs now guarding those parts of the Trans-Siberian Railway beyond Chita. Stevens is convinced that he must have some direct authority from the military commanders in order to avoid conflict of jurisdiction between local railway officials and the military authorities. This we felt could best be accomplished if the senior commander having jurisdiction in the several districts through which the railway passed, would simply confer upon Stevens full authority to operate. If this method seems objectionable to you for other reasons, it can be changed, I think, without serious difficulty.

I will have my first interview with Uchida to-morrow.

MORRIS

File No. 861 77/518

*The Secretary of State to the Japanese Ambassador (Ishii)*

WASHINGTON, October 25, 1918.

MY DEAR MR. AMBASSADOR: I am enclosing a copy of a memorandum<sup>1</sup> which contains the essential details of a plan which has now been agreed to formally by Mr. Morris and Mr. John F. Stevens, in cooperation with the Allied representatives at Vladivostok, and with Horvat, representing the management of the Chinese Eastern Railway, and Ustrugov who has undertaken to speak for the management and personnel of the other railways which form the Trans-Siberian Railway. It is understood that Mr. Matsudaira and the Japanese Staff in Siberia have also expressed their approval.

Mr. Morris has been informed that this Government accepts the plan with the express understanding that the proposed arrangement will make it clear beyond cavil that Mr. Stevens, as advisor of the Russian railway administration, and the Russian Railway Service Corps of American engineers who will assist him, represent Russia

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<sup>1</sup>Ante, p 275.

and not the United States or any possible interest of the United States. I consider this point essential for, as you are already aware, the United States has no desire or purpose to secure an interest in the railways of Russia or to control them for itself.

With this express understanding, I am confident you will be able to advise me at an early date that the agreement which now has the approval of all others concerned, will also have the hearty support of Japan.

I am [etc.]

ROBERT LANSING

File No 861 77/518

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, October 25, 1918, 7 p. m.

Your October 24, 8 p. m. Department's views will be met if word "appointed" is changed to "confirmed." It is desired that Stevens have authority from military commanders and work in close cooperation with them; it should not however appear that he undertakes his duties solely as an agent of the military authorities. With this understanding I hope to hear at an early date that your efforts have been successfully concluded.

I will telegraph you the text of a note on the general subject which I am addressing to the Japanese Ambassador here.

LANSING

File No 861 77/529

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, October 25, 1918, 10 p. m.

[Received October 26, 2.17 p. m.]

My visit to Harbin has enabled me to confirm the following facts:

1. During the last six weeks 40,000 Japanese troops have passed through northern Manchuria. These figures are taken from careful examination compiled separate from the Railway Service Corps.

2. Of these troops, 6,000, as estimated by our Army officers, are located in barracks at Harbin. All the available barracks, about 19 in number, have been taken over by the Japanese and although several of the large barracks are merely guarded and not occupied, it has thus far been impossible to obtain any quarters for the American troops which General Graves had planned to send. Friendly

efforts of Russian and Chinese officials to obtain from the Japanese military authorities one of unoccupied barracks for American use have been unsuccessful.

3. The stations and yards of the Chinese Eastern at Harbin are virtually under the control of the Japanese singly, who supervise the movement of all freight and the distribution of all cars.

4. The Russian railway officials are permitted to remain at the stations but are compelled, by show of force, to submit to the directing of the Japanese garrison commanders.

5. Outside of Harbin, Japanese garrisons have been placed at the following stations along the Chinese Eastern: Pogranichnaya 150, Muren [Muling?] 153, Hantahotzu [Hengtaohotze?] 500, Imienpo 200, Ashiho 60, Tsitsihar 210, Chalantun 50, Buhedu 100, Hailar 200, Manchouli 4 [sic], Kwangchengtze 100, intermediate stations 100.

6. The total number of Japanese troops thus stationed on the main line, including Harbin, is approximately 12,000. In addition, I am informed that 20,000 are preparing to winter at Chita, commanding the junction of the Amur Railway, which is being carefully policed with Japanese soldiers. Japanese garrisons are also being placed at strategic points on the railway between Harbin and Vladivostok.

7. During the last month, and while the Japanese troops have been occupying the railway, practically no freight except that intended for Japanese use has been allowed to move. . . .

8. Within the last few days Colonel Emerson has confirmed the following additional facts:

(a) The Japanese flag is being raised on the various stations, or on the adjoining railway property occupied;

(b) In several authenticated cases Russian railway employees have been evicted from the living quarters provided for them by the railway authorities, and Japanese soldiers have taken possession;

(c) Russian station masters and trainmen have been threatened unless they promptly recognized the authority of Japanese officers. As a result Colonel Emerson is informed that many of the Russian engineers are leaving and that there are Japanese railway men assembled at Changchun prepared immediately to replace them.

9. General Horvat has frankly admitted to Stevens that control of the operation of the Chinese Eastern has passed entirely out of his hands. The remnant of the Russian military guard is of course ignored. The Chinese soldiers are holding their ground at the various stations but are helpless before the Japanese garrison commanders and are being forced gradually to surrender their quarters.

10. With the exception of a few American troops operating under Japanese senior command north of Vladivostok and 75 soldiers sent by General Graves to Harbin and quartered in the Red Cross offices there, the American forces are still in barracks at Vladivostok. I do not think they could at present move to any point along the entire length of the Chinese Eastern as all the available shelters have been appropriated by the Japanese authorities.

11. Colonel Emerson and his men are continuing their efforts to retain the position of instructors to the Russian personnel of the Chinese Eastern but Japanese interference is daily narrowing their field. They have been definitely excluded from assisting in any way the operation of Japanese troop or supply trains and are hampered in aiding the dispatch of the few remaining passenger trains which the Russians are still permitted to run. These men of experience and capacity have met the embarrassing situation with patience and judgment.

I submit this statement for the consideration of the Department as it forms the actual background of the present negotiations. Unless some clear understanding can be reached with the Japanese Government in regard to the meaning and purpose of this military occupation of the Chinese Eastern Railway, any assent to our proposed plan of operation would, I fear, be artificial and dangerous, and Mr. Stevens's position would rapidly become untenable.

MORRIS

File No. 861 77/528

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, October 26, 1918, 3 p. m.

[Received October 26, 10.16 a. m.]

In a long and informal talk to-day on the railway question, the Minister for Foreign Affairs made it clear that the Japanese Government still hesitates to face the severe criticism which it fears would follow its assent to Stevens's operation of the Chinese Eastern. There is no objection in regard to the Trans-Siberian Railway.

In seeking a possible solution it has occurred to me that we might suggest the following: that Stevens should agree to name as a member of his staff Kinoshita or some equally able Japanese railway expert and assign him to duty exclusively on the Chinese Eastern, subject to Stevens's instructions in the operations of that road. Stevens thinks it feasible and I submit it for the consideration of the Department. If approved, I would hold it in reserve as a possible compromise, should the Japanese Government continue to press for entire control of the Chinese Eastern, which is the meaning of the phrase "Russian operation."

MORRIS

File No. 861.77/539

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, November 3, 1918, 11 p. m.

[Received November 3, 8.22 p. m.]

The Japanese Government has made no comment on the railway plan submitted last week. In the meantime Emerson informs me that 1,000 additional Japanese troops arrived at Harbin on October 23 and on October 29 five cars of Japanese railway officials passed through Harbin on their way to inspect the Amur line. General Graves advises me under date of October 29 that all public barracks appear to be occupied east of Lake Baikal and that he is forced by this situation to place troops between Vladivostok and Khabarovsk. General Graves writes as follows:

General Ivanov-Rinov, Minister of War in the Siberian Cabinet, is here apparently trying to get the military elements together. He came to see me and appeared very much disturbed at the large number of Allied troops in this part of Siberia, and said that he personally thought that the Russian people would have to depend upon the United States to see that the agreements entered into prior to our coming to Siberia were carried out. There seems to be much anxiety in other quarters about this same subject.

Emerson has telegraphed Stevens under date of November 2 that the Chinese Eastern has embargoed all freight and passenger business beyond Manchuria until further notice. Stevens does not know the reason for this action but one result will be seriously to hinder any efforts we may make to assist Russia.

MORRIS

File No. 861.77/543

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, November 8, 1918, 8 p. m.

[Received 9.23 p. m.]

[From Stevens:]

Referring to Ambassador's cable of even date<sup>1</sup> regarding railway matter. My certain conviction is that any division of authority would result in utter failure to secure necessary efficiency. The basic principle of successful management is centralized authority and responsibility. As the situation now exists, complicated by Russian helplessness and venality, not only would failure result, but owing to high-handed interference and autocratic methods practiced by Japanese in Russian railway affairs serious troubles would be inevitable which might produce international complications. A Japanese

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<sup>1</sup> Not printed.

director with equal authority backed by exclusively Japanese troops, could enforce his orders against my judgment leaving me helpless, and the great difference between American and Japanese railway practices, and the very manifest intention of the latter to install their own men everywhere would make irreconcilable views absolutely certain.

I am safe in saying that not a member of our service corps would work under any plan that involved Japanese management directly or indirectly. The plan of divided authority as suggested would simply result in sole Japanese control, would make Americans figureheads or worse. The long-time antipathy of the Russians towards the Japanese would be intensified to a degree that nothing less than military force would make the railway machine move at all. The fraternal feeling of the Russians towards Americans would disappear and it already gives unmistakable signs of weakening. Instead of helping Russia the plan would help Japan to strengthen and make secure her grip upon Russia's eastern provinces and northern Manchuria. A false move at this critical juncture would be barrier to American influence and place us, in Russian eyes, in a position of backing Japan in a plan to disintegrate Russian territory and impair her sovereignty. They are looking to us for material aid and are already discounting our words, being encouraged in this, I believe, by powerful interests. In view of the certain failure of such divided management resulting in even worse conditions than now prevail, and the false position in [into] which Americans would be forced and their prestige destroyed, it would not be possible for me to assume a share in such a management.

MORRIS

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File No 861.77/546

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, November 10, 1918, 7 p. m.

[Received November 10, 5.50 p. m.]

Supplementing my November 7, 4 p. m.<sup>1</sup> My British colleague advises me that he received yesterday instructions from his Government which stated not to continue its policy of giving support to independent Cossack leaders in Siberia. He further stated that following our conversation as reported in my November 8, 4 p. m., he saw the Minister for Foreign Affairs, explained the difficulties which the Canadian troops had encountered in obtaining transportation and advocated the immediate approval of our railway plan as the

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<sup>1</sup> Vol. II, p. 428.

only practicable method of remedying conditions. The Minister for Foreign Affairs repeated the objections raised by the General Staff and said that he had suggested to me three possible alternatives: (1) an Allied committee simply to advise the present Russian management; (2) joint management by Stevens and Kinoshita;<sup>1</sup> (3) sole Japanese operation of the Chinese Eastern. As both Mr. Stevens and I appeared unsympathetic to these suggestions he had transferred the negotiations to Washington. In commenting to me on this interview my British colleague expressed regret that the proposals had such a purely American flavor as he feared this had excited unduly Japanese suspicion. He proposed to suggest to his Government the advisability of a joint Allied representation to the Japanese Government in support of our plan which already had the approval of all the Allied representatives at Vladivostok.

MORRIS.

File No. 861 77/548

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, November 12, 1918, 4 p. m.

[Received 6 p. m.]

Three telegrams received to-day by Stevens from Emerson summarized as follows:

The Russian officials of the Trans-Baikal Railway report that their organization is completely demoralized. Employees have not been paid for two or three months and on that account engineers, trainmen, operatives, and mechanics have left the service in large numbers. Forty per cent of locomotives are either in need of repairs or are useless because there is not sufficient oil or waste for packing. The result is a complete blockade of freight and passenger traffic apart from the few trains used for military purposes. A similar blockade exists on the Chinese Eastern due to the same causes. Japanese officials have appealed to Horvat to resume management and General Otani<sup>2</sup> has issued instructions to Japanese commanders of various divisions that hereafter they must not interfere with or give instructions to Russian railway officials.

Mr. Stevens interprets these facts as indicating the betraying of both the Chinese Eastern and Trans-Baikal Railways. He had been consistently predicting that this result was inevitable unless some arrangement could be reached promptly for the management of the roads in the interest of the Russian people. He explains the belated

<sup>1</sup> Director of the Traffic Bureau of the Japanese Imperial Government Railways.

<sup>2</sup> Gen. Kikuzo Otani of the Japanese Army, senior officer of the Allied forces in Siberia.

order of General Otani as (1) an admission of Japanese interference during the past four months and (2) the first step in railway program to take over the direct operation of the Chinese Eastern and Trans-Baikal as far as Chita. Kinoshita stated to Stevens over two months ago that they had railway crews available and prior to this a training school for Japanese railway men was opened at Mukden to teach Russian language and methods. Stevens looks forward confidently to the next move in the program which will take the form of an announcement that Horvat has failed (as fail he must unaided) to operate the Chinese Eastern and that military necessity required the placing of Japanese crews on all trains. He believes that this will mark the completion of a well-thought-out plan to absorb Russia's interests in Chinese Eastern and at the same time give to Japan the control of all economic activities in northern Manchuria and eastern Siberia. Hence justified in thus submitting Mr. Stevens's views for the consideration of the Department as he has unusual opportunities of observation and has predicted each railway move thus far made with extraordinary accuracy.

MORRIS

File No. 861.00/3177

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, November 14, 1918, 4 p. m.

Your November 7, 4 p. m.<sup>1</sup> and subsequent telegrams much appreciated. Inform Stevens Department has not modified in any way its original proposal that effective operation of the railways can best be obtained by undivided control exercised by himself with assistance of Russian Railway Service Corps.

The Department is unaware of any instructions to Japanese Ambassador here indicating negotiations have been centered in him. For your information Department is taking up matter with British Government through London Embassy and has also brought it to the attention of Colonel House who is now in Paris.

LANSING

File No. 861.77/548

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram—Extract<sup>2</sup>]

WASHINGTON, November 16, 1918, noon.

Referring to your November 12, 4 p. m., and previous telegrams regarding Siberian situation, also Department's September 24, 8

<sup>1</sup> Vol. II, p. 428.

<sup>2</sup> Printed in full, *ibid.*, p. 438.

p. m.<sup>1</sup> explaining this Government's whole purpose in regard to railways, please take up frankly with the Japanese Government the following points. . . .

(3) In suggesting that Mr. Stevens assume charge of railway operations, as representing Russia and not the United States or any interest of the United States, this Government had the express intention not to modify any previously existing rights of Russia or China. The memorandum of agreement, approved by all the Allied representatives at Vladivostok and by Russian authorities, expressly provides for supervision by international or Russian control and not by any one power. In other words, every measure advocated by this Government has had the purpose of avoiding a monopoly of control creating conditions such as would arouse alarm or suspicion. Moreover, in the opinion of this Government, the question of railway operation is a practical one which the welfare of the Russian people requires should be met by practical measures. Such practical measures of assistance had already been undertaken by the United States, acting in behalf of Russia, in 1917 when Mr. Stevens was requested by the Russian railway administration to secure the assistance of the Russian Railway Service Corps. Furthermore this Government is convinced that a divided control of the operation of the Siberian Railway system is foredoomed to failure. . . .

LANSING

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File No. 861.77/556a

*The Acting Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, November 23, 1918, 2 p. m.

If given adequate control of operations how long would Stevens require to obtain good working results which would show promise of permanence without his assistance? Some doubt of our intentions seems to exist in Japan because definite statement on this point is lacking. It must be made clear that our purpose to give Stevens effective control is in order to hasten the restoration of normal economic conditions in Siberia and is wholly a measure of temporary relief. Our purpose is unchanged that Stevens is to have control only until his task can either be concluded or continued by responsible Russian authorities. The Department would like to have your views as to how our purpose on this point can be made clear.

PHILLIPS

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<sup>1</sup>Ante, p. 267.

File No. 861.00/3264

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, November 23, 1918, 5 p. m.

[Received November 23, 10.25 a. m.]

Supplementing my November 20, 12 p. m.<sup>1</sup> I have spent a considerable portion of two days in conference with the Japanese railway expert in an effort to determine just what the General Staff plan of supervision means practically. I was finally able to reduce it to definite terms. In an informal talk this morning, I requested the Minister for Foreign Affairs to submit my analysis of the whole suggestion to the military authorities and inquire whether it was correct. When the memorandum is returned to me, and if approved by the General Staff, I will telegraph it in full with my comments for the consideration of the Department. I have been careful to express no opinion on it. I am rather forcing the issue with the staff in this way because, in the interest of Russian people, I am sincerely anxious to reach some agreement for the operation of the railways and this seems the right moment to press for it.

MORRIS

File No. 861.00/3254

*The Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, November 30, 1918, 7 p. m.

Referring to telegram from Consul at Vladivostok, No. 282, dated November 21, 9 a. m.,<sup>2</sup> already reported to you by the Consul. Department desires your views Consul's recommendation that in order to obtain practical results for the time being the Chinese Eastern be eliminated and Amur Railway substituted.

LANSING

File No. 861.77/563

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, November 30, 1918, 10 p. m.

[Received December 1, 12.40 p. m.]

I summarize recent development in the railway negotiations as follows:

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<sup>1</sup> Vol. II, p. 436.<sup>2</sup> *Ibid.*, p. 437

1. It is just about one week since I submitted to the Minister for Foreign Affairs an analysis of the plan suggested by the Japanese railway experts and inquired whether it represented the ideas of the Government and General Staff. The plan differed little from the one agreed to at Vladivostok. Although the Minister promised a reply by the 25th or 26th, I have as yet had no word from him.

2. During this week I have received three telegrams from Stevens at Harbin. In the first two he reports on conditions as he found them on his return. He states that the political situation in Siberia is growing steadily worse; that the appointment of Kolchak<sup>1</sup> as director [dictator] has aroused the opposition of Semenov,<sup>2</sup> who is at Chita with a small force dominating the railway at that point and is receiving arms and ammunition from the Japanese; that the condition of the railway is growing desperate; that the Trans-Baikal is taking three trains daily, all military, but in his opinion used entirely for Japanese commercial goods; that no other goods are moving and the congestion at shipping points may prove disastrous. He believes that the Russian railway administration will break down entirely upon the first extreme cold weather; and there are three hundred Japanese railway men waiting along the line of the Chinese Eastern to take charge as soon as this happens. The third telegram reads as follows:

Harbin, November 28, 8 p. m. Our Army intelligence officer has reliable information Japanese have made formal demand upon Chinese president, Chinese Eastern, that he turn road over to them. A consultation is now in progress Kirin. Certain that the well-planned plot will quickly succeed unless active steps are taken immediately. Have you no word?

Stevens's conviction that the Japanese General Staff have long had just such an object in view would lead him to credit, perhaps unduly, this information.

[3?] Italian colleague has received instructions to cooperate fully with me in reaching an agreement with the Japanese Government along the lines suggested by our Government. I have concurred in his judgment that, for the time, it might be wise to defer any formal representation until our French and British colleagues have heard from their Governments.

4. My French colleague was a few days ago instructed to express to the Minister for Foreign Affairs the concern of the French Government because [of] the number of Japanese troops in Siberia and Manchuria. He has not acted on these instructions, but pointed out to his Government the inconsistency of such action in view of recent representations as to the need of Japanese troops in Siberia. He

<sup>1</sup> On Nov. 18 Admiral Kolchak had become Supreme Governor of the all-Russian government at Omsk.

<sup>2</sup> Ataman of the Far Eastern Cossacks.

requested permission to avoid this subject and to join with me in urging the adoption of our plan of railway supervision. He is waiting further advices.

5. My British colleague says that his Government has not replied to the suggestions he made two weeks ago and reported in my November 10, 7 p. m. He read me, however, several telegrams which he had recently received from Colonel Jack, the British railway expert at Vladivostok. These indicate that Colonel Jack, who zealously supported our plan, has changed his mind and now favors the practical elimination of Stevens, and suggests that the railways be operated under the supervision of Ustrugov, who has been named Minister of Communications by the Omsk government. It is possible that he has been influenced by General Knox and the British High Commissioner, who I fear have never been in sympathy with our proposals and who, I am informed, have consistently advocated military and financial support to the promoting of a central Siberian government.

I am disappointed by these delays but still believe that we can reach a compromise agreement here, although each day appears to make it more difficult, and the lack of adequate railway communication is rapidly producing the expected results. Reports from various sources indicate that there is friction between the British and French military representatives; that the Czecho-Slovak forces are disintegrating into antagonistic factions and that Japanese officials are fomenting suspicion and distrust.

I am bold to express the conviction that the Siberian situation in itself is not hopelessly complex. The serious difficulty lies almost wholly with the divergent policies of the Associated Governments. A united policy, even if a compromise, is imperatively called for. If this proves impossible I submit for the consideration of the Department the question whether our pledges to the Russian people require us to decide upon a policy of our own and to prepare to support it.

MORRIS

File No. 861.77/566

*The Ambassador in Japan (Morris) to the Secretary of State*  
[Telegram]

TOKYO, December 3, 1918, 1 a. m.

[Received 9.14 a. m.]

The Minister for Foreign Affairs to-day<sup>1</sup> handed me the following revised plan for the supervision of the Chinese Eastern and Trans-Siberian Railways:<sup>2</sup>

<sup>1</sup> This telegram seems originally to have been dated Dec. 2, 11 p. m.; see File No. 861.00/3326.

<sup>2</sup> Text corrected after comparison with the original in the Japanese Foreign Office (File No. 026 Foreign Relations/326).

FOR THE SUPERVISION OF THE CHINESE EASTERN AND THE TRANS-SIBERIAN RAILWAYS IN THE ZONE IN WHICH THE ALLIED MILITARY FORCES ARE NOW OPERATING

1. The general supervision of the railways in the zone in which the Allied forces are now operating shall be exercised by a special inter-Allied committee, which shall consist of representatives from each Allied power having military forces in Siberia, including Russia, and the chairman of which shall be Russian.

The following board[s] shall be created to be placed under the control of the inter-Allied committee:

(a) Technical board consisting of railway experts of the nations having military forces in Siberia for the purpose of giving advice and assistance in the matter of technical administrative and economic management of all the railways in the said zone;

(b) An Allied military transportation board for the purpose of coordinating military transportation under instructions of the proper military authorities.

2. The protection of the railways shall be placed under the Allied military forces, while the management of the railways shall be left in the hands of Russians. At the head of each railway shall remain a Russian manager or director with the powers conferred by existing Russian law. These Russian officials shall, as far and as readily as possible, follow the advice and accept the assistance of the technical board.

3. The technical board shall act through a president elected by a majority of the members of the board and who may, with the approval of that board, appoint assistants and inspectors in the service of the board chosen from among the nationals of the powers having military forces in Siberia to be attached to the central office of the board. He may assign, if necessary, the corps of railway experts to the more important stations. In assigning railway experts to any of the stations, interests of the respective Allied powers in charge of military protection of such stations shall be taken into due consideration. He shall distribute the work among the clerical staff of the board whom he may appoint in his discretion.

4. The clerical staff of the inter-Allied committee shall be appointed by the chairman of the committee, who shall have the right of distributing the work among such employees as well as of dismissing them.

In substituting this plan the Minister of Foreign Affairs assured me that it was offered with the distinct understanding that Stevens should be made president of the technical board and if approved by my Government, the Government of Japan and the military authorities would sincerely cooperate to make it effective.

In comparing this plan with the one agreed to at Vladivostok it will be observed that it differs in two main particulars:

1. It provides for supervision and assistance rather than control. I realize that this will be distasteful to Stevens who has been in-

sistent that if he is to be made responsible he should have absolute authority. I recognize the force of this contention but I think that the change is wise in view of the suspicions aroused by the idea of control. In practice I believe that the difference will disappear and that the modified wording better expresses our own general attitude toward Siberian problems.

2. It changes Stevens's position from that of general manager with power to choose his staff to that of president of the technical board which shall consist of one representative each from the nations having military forces in Siberia. Again the difference in practice is small and the method of naming Stevens is only a more tactful one. It certainly obviates the disadvantage pointed out by the Department of military designation or confirmation.

The other changes seem to me of minor importance.

Speaking generally I believe the plan will work in practice and should be tried. It will give Stevens a position of great influence, the moral effect of which in China and Siberia will be valuable; it will certainly improve the present intolerable conditions; it will offer immediate employment to the Railway Service Corps; and most important of all it will establish our position that the Russian railways should not pass under the control of any single nation.

I of course recognize that its success depends on the future attitude of the Japanese authorities. In this connection the hopeful factor is the effort of Hara<sup>1</sup> and his colleagues to limit the activities of the General Staff. Our acceptance of the modified plan will I believe greatly strengthen their hand.

If the Department feels justified in approving this compromise, I submit for consideration the following procedure: that the Department authorize me to advise the Minister for Foreign Affairs informally of our Government's concurrence and suggest that the modified plan be forwarded to Ishii as the Japanese Government's reply to your note to him; that the other Governments involved be notified of our agreement with Japan and of the understanding that Stevens shall be selected as president.

In the meantime and if the plan is approved, would the Department consider favorably my returning to Vladivostok for a short period to cooperate with Stevens and the Allied representatives in arranging the details necessary to put the agreement into effect? I believe it would be helpful if he could go with Admiral Rogers on the *Brooklyn* so that the Admiral, General Graves, Stevens and I could confer on the entire situation.

MORRIS

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<sup>1</sup> Takashi Hara, Japanese Prime Minister

File No. 861 77/565

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, December 3, 1918, 2 a. m.

[Received 5.55 a. m.]

Replying to your November 30, 7 p. m. It would seem to me extremely unwise under present circumstances to modify our position that the Chinese Eastern should be considered as a portion of the main line of Trans-Siberian Railway system. If we confine ourselves to the use of the Amur Railway, as suggested by the Consulate at Vladivostok, we would practically admit Japan's claim of succession to Russia's rights in the Chinese Eastern. The plan agreed to by Japan, as reported in my December 2, 10 p. m.,<sup>1</sup> providing for Allied supervision with Stevens as executive chief to assist in operation of the entire system, is far better.

Replying to your November 23, 2 p. m. The plan now suggested by Japan does not specify any definite time of Allied supervision and assistance. I think public statement should be issued by Allied committee when organized, explaining its purpose and stating definitely that it will continue only so long as the Russian management requires assistance. Stevens believes that in a reasonable time good working Russian organization can be built up.

MORRIS

File No. 861 77/573

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, December 6, 1918, 3 p. m.

[Received 7.12 p. m.]

I forwarded to Stevens the plan of railway operation informally suggested by the Japanese Government and reported in my December 3, 1 a. m. In a telegram just received he comments as follows:

December 5, 4 p. m. Your cable December 2, 7 p. m. The proposed plan means that Russians direct operations as now and that new technical board would only act as adviser with Russians under no obligations whatever to act upon advice which they certainly would not do. My long experience with them demonstrates this beyond question; the railway officials not only ignore our advice but flout and fairly insult our men not one of whom would remain as adviser unless forced to do so. For months I have urged that the only practical way would be for some one other than Russians [to]

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<sup>1</sup> Not printed

be given supreme authority whose orders must be obeyed. I can not change my opinion as I know proposed plan would result in absolute failure. The changes from our plan are not only in form but utterly radical and would emasculate the entire plan. Russians are satisfied with their own technical staff; they only want money; would be glad to see us out of the country. If for diplomatic reasons they should continue their mismanagement, then all required is an Allied military board to coordinate military movements. Under the proposed plan chairman would be figurehead, board would be a farce. Sorry can not agree with you but in view our many discussions where we always agreed I can not understand what has occurred to change your views. I can not accept ambiguous position suggested or recommend the plan.

While I greatly value Stevens's practical judgment, I regret his unwillingness to make a trial of this plan. With the promised co-operation of the Japanese authorities, I believe he would have in fact the necessary power. He is convinced that he would not. As the responsibility will be his, we must assume that he is right. Upon hearing from you I am prepared to try once more.

MORRIS

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File No. 861 00/3326

*The Acting Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, December 7, 1918, 11 a. m

Your December 2, 10 p. m.<sup>1</sup> and December 3, 1 a. m.<sup>2</sup> Department approves the plans you suggest on the understanding that Mr. Stevens will be president of the technical board and be able in that capacity to make his special qualifications serve to the best advantage and in full reliance upon the sincere cooperation of Japanese civil and military authorities in carrying out the plan. You may so inform the Minister for Foreign Affairs. This Government is concerned in the Siberian Railway situation primarily because reports show quite clearly that paralysis of railway traffic under existing conditions renders it impossible to furnish to the Russians in Siberia the assistance which is vital to enable them to pass the winter without great misery and hardship. Furthermore, the whole question of shipping supplies which may be available for the Russians and Czech forces in Siberia is imperiled. The Department would be glad to receive the proposed plan as a reply on the part of Viscount Ishii to the Department's communications to him on this subject, but hopes this will not delay the execution of the plan. The Depart-

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<sup>1</sup> Not printed.

<sup>2</sup> *Ante*, p. 288.

ment also approves your proceeding to Vladivostok as suggested and wishes you to impress upon Mr. Stevens the desire of this Government that he will be willing to undertake this opportunity to make effective the most important assistance which the United States can render to Russia at this juncture and which his patience under difficult conditions has now rendered practicable. Inform Vladivostok for General Graves and Peking fully regarding situation.

POLK

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File No 861.77/573

*The Acting Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, December 7, 1918, 4 p. m.

Your telegram December 6, 3 p. m., and my earlier telegram of to-day. The Department is aware of the obvious difficulties of the proposed plan but believes that it should be given a fair trial by all concerned in view of the fact that winter is at hand and that something must be done immediately to improve the present intolerable condition of transportation facilities. The Secretary, and presumably the President, has approved by wireless your proceeding to Vladivostok to present plan to Stevens and it is earnestly hoped that he will consent. No agreement can succeed unless it can be arranged for the Russians to follow advice and carry out instructions and this Government would decline to have Stevens placed in a position where his special capacity can not be made effective. Please so inform him and at your discretion urge upon the Japanese authorities, whose sincere cooperation is relied upon, such further modifications of the plan as actual practice shall demonstrate to be necessary to accomplish the desired result.

POLK

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File No 861.77/585a

*The Acting Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, December 11, 1918, 6 p. m.

During the progress of railway negotiations Department has noted the persistence of the suspicion which exists in Japan in regard to the United States. Perhaps it is not possible to overcome this suspicion at once in the minds of the public because it

seems to be grounded upon apprehensions which the rapid development of the United States has awakened. This Government believes, however, that it owes it to Japan as well as to itself to leave no effort untried to have the facts appreciated by the Japanese Government. The following may be quoted as examples of the character of suspicion and rumor reported:

- (1) That the United States is endeavoring to secure control of Russia's railways and is backing the employment of the Russian Railway Service Corps on that account;
- (2) That the United States is endeavoring to secure control of the trade of Siberia, instances of the fisheries and other exploitations being quoted;
- (3) That the Railway Service Corps in fact is a selected personnel of agricultural experts, industrial promoters and others who will use their work with the Russian railways as a cloak for their real purpose, which is to establish American interests and control.

It is, therefore, suggested that if occasion offers you discuss this question frankly with members of the Japanese Government. You can, of course, assure them that this Government has no deep policy or hidden purpose in any of the measures it is endeavoring to take in order to assist Russia. You can also say that this Government hopes Japan will not show a lack of confidence in our purpose by failing to bring at once to our attention any matters which seem in any way at variance with the purpose which the United States has declared. The principal measures which are being sanctioned by this Government at present in regard to Siberia are:

- (1) The employment of Mr. Stevens and the Russian Railway Service Corps in the service of Russia;
- (2) The organization of the War Trade Board of the United States Russian Bureau, Inc.;
- (3) The military assistance sent to rescue the Czecho-Slovaks;
- (4) The activities of the Red Cross;
- (5) The activities of the Y.M.C.A.

You can assure the Japanese Government that every one of these undertakings is open to the freest discussion and inquiry and that it would be regarded only as the part of friendly interest if Japan were to desire the most complete details in regard to all or any one of them. This is a matter which the Department desires to leave largely to your discretion. At the same time it is hoped that you may see your way clear to broach the subject and advise the Department as to what progress, if any, you believe can be made concerning a question which is regarded as being of the first importance.

File No 861 77/579

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, December 11, 1918, 11 p. m.

[Received December 12, 6.52 a. m.]

[Your] December 7, 11 a. m. and December 7, 12 p. m. [4 p. m.]. Stevens has telegraphed me under date of December 9, as follows:

Your cable 6th. There is no ambiguity whatever in section 2 of your cable 3d. It says explicitly Russians control operation and only rôle technical committee could play would be advisory. . . . Kinoshita fully agreed with me that full power must be had which the proposed agreement in no manner provides for. Technical committee, as proposed, would be basic error, raising instantly impossibility to [possibility of?] divided authority, which the Department has already disapproved. A body of men, equal authority, different nationalities, languages, methods operation, some of them with ulterior aims, would inevitably clash (see 2). Power must be one head. Service corps would not remain merely in advisory capacity. The question of loyalty during war no longer at issue. As an experiment, plan would discredit all protestations of assistance from us. Myself and commanders service corps have reputations we do not care to exchange for a useless sacrifice. Let us start right or not at all, far better to take a long time to negotiate than to undertake what would be not even a forlorn hope. We shall patiently wait for further developments.

I have replied to-day as follows:

Your December 9. Would your objections be met if the Japanese Government consented to the following, changing the plan which they submitted first? Strike out altogether last portion of the first sentence of section 2, which reads "while the management of the railways shall be left in the hands of Russians." Add to the end of second sentence of section 2 the phrase "subject only to the supervision herein provided for." Strike out the third sentence of section 2. Amend the first sentence of section 3 so as to read as follows: "The Technical Board shall elect a president, to whom shall be intrusted the executive supervision and operation of the railways and who may, with the approval of the board, appoint assistants and inspectors chosen from among the nationals of the powers having military forces in Siberia."

I am trying to meet your wishes and at the same time submit as few changes as possible. I will not suggest these to the Japanese Government until I hear from you. Please answer promptly.

If Stevens replies favorably, I will discuss these amendments with the Minister for Foreign Affairs and press for their acceptance. Should Ishii mention the subject to you, would suggest that you urge such verbal modifications as will give Stevens power to make advice

effective. With the approval of the Department, I will not proceed to Vladivostok until I can reach an agreement here which offers some reasonable hope of acceptance by Stevens.

MORRIS

File No. 861.77/584

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, December 18, 1918, 1 a. m.

[Received 11.07 a. m.]

In the matter of Siberian railways, Stevens replied to my telegram of December 11, 6 p. m., as follows:

December 14, 11 a. m. Your cable December 11, 6 p. m. Proposed changes do not cover the most vital error, which is the lack of undivided authority. I can not change my views, which would be generally covered in adopting suggestions below, with dependable agreement that I should be elected president.

Amend lines 6, 9 and 7 [*sic*], section 1, so that technical committee shall be independent of inter-Allied committee in all matters operation.

Amend paragraph *a*, section 1, to read after word Siberia: "with full authority to administer technical and economic management of all railways in zone."

Amend section 3, your second proposal, to read after words, operation of the railways: "We [who] shall have full authority in such executive supervision, technical board acting only as advisers. In case of disagreement among all members the decision of the president shall be final regardless of votes. He may appoint such assistants and inspectors and define their duties as he may decide is necessary", cutting out the words, "with the approval of the board".

Authority and not advice must be basic, also the concentration of authority in final analysis in one man in all matters operation.

The clause, section 3, assigning experts dangerous [in] that only experts same nationality as troops guarding particular station could be assigned there. That would obstruct instead of promote cooperation between Allies, particularly if United States had few troops along line. Stevens.

In an effort to meet his requirements, I prepared the following amended plan:

1. General supervision of the railways in the zone in which the Allied forces are now operating shall be exercised by special inter-Allied committee, which shall consist of representatives from each Allied power having military forces in Siberia, including Russia, and chairman of which shall be Russian.

The following boards shall be created to be placed under the control of inter-Allied committee, except in matters of technical operation:

(a) Technical board consisting of railway experts of the nations having military forces in Siberia with authority administer technical and economic management of all railways in the said zone;

(b) An Allied military transportation board for the purpose of coordinating military transportation under instructions of the proper military authorities.

2. Protection of the railways shall be placed under the Allied military forces. At the head of each railway shall remain a Russian manager, or director, with the power conferred by existing Russian law, subject only to the supervision herein provided.

3. Technical board shall elect a president to whom shall be intrusted technical operation of the railways. He shall have full authority in such operation, the technical board acting as adviser. He may appoint assistants and inspectors in the service of board chosen from among the nationals of the powers having military forces in Siberia to be attached to the central office of the board and define their duties. He may assign if necessary the corps of railway experts to the more important stations. In assigning railway experts to any of the stations, interests of the Allied powers, military protection of such stations shall be taken in due consideration. He shall distribute work among the clerical staff of the board whom he may appoint in his discretion.

4. Clerical staff of the inter-Allied committee shall be appointed by chairman of the committee, who shall have the right of distributing the work among such employees as well as dismiss them.

Comparing this with Japanese plan given in my cipher telegram December 3, 1 a. m., you will note that I endeavored to change wording only where necessary to give, to the technical board and the president, the authority which Stevens considers essential to succeed. I submitted this amended plan to the Minister for Foreign Affairs yesterday afternoon and at the same time I left with him extracts from Stevens's telegram[s] to me of December 5 and 9 and also following extract from your telegram to me December 7, 12 p. m. [4 p. m.]:

No agreement can succeed unless it can be arranged for the Russians to follow advice and carry out instructions and this Government would decline to have Stevens placed in a position where his special capability can not be made effective.

After examining amendments carefully the Minister for Foreign Affairs remarked that the changes which they effected in the Japanese plan were "vital." He appeared greatly discouraged and when I urged, in the interest of Siberia, prompt action he intimated that an early reply was unlikely. I surmised that he dreaded reopening the question with the military authorities. Bearing in mind the instructions in your cipher telegram December 7, midnight [4 p. m.],

I concluded the interview stating that with these amendments approved I was authorized to promise consent to the plan when formally presented to missions.

I offer the following comments for the consideration of the Department.

The Japanese Government may meet the issue in any one of three ways:

(1) Indefinite delay.

This was suggested by the Minister of Foreign Affairs and has been also expressed during the last few days in apparently inspired newspaper articles.

(2) Eliminating Stevens and the Russian Railway Service Corps by the adoption of the plan now advocated by British representative in Siberia mentioned in the fifth paragraph of my November 30, 10 p. m.

In this connection following telegram from Stevens is significant:

December 12, 10 a. m. Kolchak has asked through British that Allied committee be formed to take charge tran[sportation]. Jack<sup>1</sup> has asked me if I will [accept?] plan substantially same as your cable December 2, 7 p. m.,<sup>2</sup> to [omission]. I shall reply that our Government has obtained approval of all, including Russians, with sole exception Japanese, to a plan it desires to be adopted placing direction operation railways American hands without divided authority. That in view of the attitude of our Government [I] can not consistently try plan he suggests. This may result in their ignoring Americans but I can see no other way for me to take to follow the essential policy of the Department which is correct. I think the design is to get entering wedge to later on prevent American control. I shall strongly urge to him quick adoption of our plan. Stevens.

(3) Refusal to concur possibly followed by placing of Japanese railway experts in charge of Chinese Eastern and Amur Railways.

Stevens has never wavered in his conviction that this is the likely move. I will take occasion informally to convey to the Premier the substance of your December 11, 6 p. m. I will also seek an opportunity to present the situation once more to the Minister of War. My colleague from Italy stands ready to cooperate in any way I may suggest and the French Chargé d'Affaires has similar instructions. May I again suggest further pressure on the British Government. My British colleague failing to receive any reply from his Government to his proposal of joint representation as reported in my November 10, 7 p. m.,<sup>3</sup> has relapsed into his former unsympathetic indifference. Would it be expedient at this time to point out to the

<sup>1</sup> Colonel Archibald Jack, British railway expert in Siberia.

<sup>2</sup> Not printed; see Ambassador's telegram of Dec. 6, *ante*, p. 291

<sup>3</sup> *Ante*, p. 282.

British Government the broader reasons affecting the entire situation in the Far East, and particularly China, which call for closest cooperation of our two Governments in establishing a policy which shall limit spheres of exclusive commercial or political control?

Recent reports from Siberia are most discouraging. The following telegram from Caldwell was received this morning:

December 14, 7 p. m. Railway conditions in Siberia are intolerable. Road has ceased to function for all practical purposes. If change for the better is not soon insisted on it will be impossible to make distribution supplies expected from America. Congestion of freight (at) Vladivostok will be only result. We have previously mentioned this to Department in cable 25. Merchandise will arrive soon and (unless?) transportation is available our organization will be helpless. Under circumstances we feel that if feasible we should be advised of present status of negotiations and likelihood of decision being reached. Without such information it is impossible for us to plan our work. The Government's generous plan of dealing relief will collapse unless railway question is settled. This conclusion should be plainly stated to the Department. Caldwell.

MORRIS

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File No. 861.77/604d

*The Acting Secretary of State to the Ambassador in Great Britain (Davis)*

[Telegram]

WASHINGTON, December 24, 1918, 7 p. m.

3663. British Chargé d'Affaires has presented a note in which he states that British War Office are most anxious that the acceptance of a counterproposal for operation of Siberian railways, including Chinese Eastern, put forward by their railway expert in Siberia, Colonel Jack, should be urged upon both the United States and Japan and adds that the British Government consider some solution must be found as the matter is of most pressing urgency.

Please inform the Minister of Foreign Affairs that this Government agrees thoroughly as to the urgency and importance of the matter and on that account would be glad to know if it is now to understand that the British Government does not favor the proposal made by the United States and approved by France and Italy. As you are aware, the British Ambassador at Tokyo, apparently owing to lack of instruction from his Government, has remained indifferent throughout the negotiations in spite of the support of this Government's proposals previously expressed by British representatives in Siberia.

Any plan which promises effective operation will, no doubt, be better than present deplorable conditions produced by practical

breakdown of traffic on Chinese Eastern which blocks entry of all supplies for Russians and Czechs in Siberia. This Government is not disposed however to consider an alternative to a plan which received such wide support as that which it has proposed unless it is evident that both Great Britain and Japan are unfavorable to it.

The railway negotiations between the American and Japanese Governments have resulted in an agreement on all essential points save the one question as to the measure of authority to be given the person responsible for the actual operation of the railway system. The firm conviction of Mr. Stevens as to this point is that for efficient management an undivided authority is essential and he is unwilling to risk an experiment under conditions which to him seem to make for certain failure.

This Government need surely go no further in assuring the Government of Great Britain that the question at issue, so far as the Government of the United States is concerned, is solely the one of the effective operation of the railways for Russia and without modification of previously existing rights by whomsoever held. Since the other Governments concerned are now agreed and only the one point of difference remains between the United States and Japan, this Government would like to be informed whether or not the Government of Great Britain would at this time be disposed to approve the proposals of the United States. Repeat to Paris, Rome, and Archangel for information.

POLK

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File No. 861.77/593

*The Consul General at Irkutsk (Harris) to the Secretary of State*<sup>1</sup>

[Telegram]

OMSK, December 25, 1918.

[Received December 27, 12.42 a. m.]

255. At invitation of Ustrugov, Minister of Ways of Communication, and Klyuchnikov, Minister for Foreign Affairs,<sup>2</sup> I attended conference with them to-day concerning railway. It is the earnest desire of these men to place the railway in the hands of Stevens and they can not understand why the obstacles thereto are not overcome. They can not see why there should be any obstacles at all, as [they] wish to see the plan agreed between Stevens and [them] two months ago carried into effect at once. If there is anything our Government can do in this matter, I strongly urge that some action be undertaken at once, for this is the mainspring to any attempts on our part or that of Allies to assist Siberia. This ques-

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<sup>1</sup> Sent via the Legation in China.

<sup>2</sup> Officials of the Kolchak government

tion must first be solved above all others. There are at present available 3,000 engines and 90,000 cars, but a large per cent of them are tied up through hopeless congestion of traffic, and Russian railway men admit that they are powerless to solve the problem. It is also essential that the inter-Allied railway commission should settle in Omsk instead of Vladivostok. Have discussed this matter with Montgomery Schuyler, former diplomatist, now here, and he agrees with me that something must be done at once in railway question. Please telegraph me Department's views.

HARRIS

File No. 861 77/594

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, December 27, 1918, 10 p. m.

[Received December 28, 10.34 a. m.]

The following telegram which I am sending to Stevens, gives in full the results of recent negotiations in reference to the Siberian railways:

The result of latest railway negotiations is embodied in the following amended plan which was handed to me this morning by the Minister for Foreign Affairs, with the statement that it contained in substance all the amendments recently suggested by you.<sup>1</sup>

**PLAN FOR THE SUPERVISION OF THE CHINESE EASTERN AND TRANS-SIBERIAN RAILWAYS IN THE ZONE IN WHICH THE ALLIED MILITARY FORCES ARE NOW OPERATING**

1. General supervision of the railways in the zone in which the Allied forces are now operating shall be exercised by special inter-Allied committee, which shall consist of representatives from each Allied power having military forces in Siberia, including Russia, and chairman of which shall be Russian.

The following boards shall be created to be placed under the control of inter-Allied committee:

- (a) Technical board consisting of railway experts of the nations having military forces in Siberia, for the purpose of administering technical and economic management of all railways in the said zone;
- (b) An Allied military transportation board for the purpose of coordinating military transportation under instruction of the proper military authorities.

2. Protection of the railways shall be placed under the Allied military forces. At the head of each railway shall remain a Russian manager, or director, with the power conferred by existing Russian law.

3. Technical board shall elect a president, to whom shall be intrusted technical operation of the railways. In matters of such

<sup>1</sup> Text corrected after comparison with the original in the Japanese Foreign Office (File No. 026 Foreign Relation/326).

technical operation, the president may issue instructions to the Russian officials mentioned in the preceding clause. He may appoint assistants and inspectors in the service of board chosen from among the nationals of the powers having military forces in Siberia, to be attached to the central office of the board, and define their duties. He may assign, if necessary, the corps of railway experts to the more important stations. In assigning railway experts to any of the stations, interests of the respective Allied powers in charge of military protection of such stations shall be taken into due consideration. He shall distribute work among the clerical staff of the board, whom he may appoint in his discretion.

4. Clerical staff of the inter-Allied committee shall be appointed by chairman of the committee, who shall have the right of distributing the work among such employees as well as of dis[missing] them.

5. The present arrangement shall cease to be operative upon withdrawal of the foreign military forces from Siberia, and all the foreign railway experts appointed under this arrangement shall then be recalled forthwith.

You will note the agreement is strengthened in the following particulars:

(1) Technical board is for the purpose of administering instead of giving advice and assistance.

(2) The clause in section 2, leaving management in the hands of Russians, is stricken out.

(3) President's powers, as given in section 3, are wholly restated. He is intrusted with the technical operation of the railways. He is given authority over the Russian managers and he can appoint assistants and inspectors and define their duties without any references to technical board.

(4) A fifth section is added providing when the agreement shall cease.

Minister for Foreign Affairs further informed me 18,880 Japanese troops had been already withdrawn and that withdrawal of 34,000 more would begin on January 1. This will leave about 20,000 to be reapportioned to cooperate with the other governments in the protection of the railways. This action and the decision to give you necessary powers indicate definite change of policy which I feel we should encourage as far as possible. Recent developments render it most important we should reach prompt agreement and I hope you will feel justified in approving plan as changed.

I have telegraphed full text of the plan to the Department of State and would suggest that you advise them directly of your views and repeat your telegram to me for my information.

I am convinced that this new Japanese proposal, which so nearly approaches our own, is a sincere effort on the part of the present Ministry to meet Stevens's views. While I refrained from expressing any opinion to the Minister for Foreign Affairs, I hope that the plan

will commend itself to Stevens and that we can, at last, close these protracted negotiations.

MORRIS

File No 861 77/597

*The Ambassador in Japan (Morris) to the Secretary of State*

[Teleg ram]

TOKYO, December 31, 1918, 7 p. m.

[Received January 1, 1919, 7.30 p. m.]

In reference to the recent railway agreement, I have received from Stevens the following telegrams:

December 29, 7 p. m. Your cable December 27, 11 [10] p. m. I am giving amended plan consideration; would like further information. Have you agreement, secret or otherwise, [as to] who would be president technical board? . . . Without committing myself would say section 3, president's powers, should include economic as well as technical operation. Section 3 says president may issue instructions Russian officials but gives him no power whatever to enforce such instructions. He should at least have power dismissal Russian officials and all his powers should be entirely independent of technical board. He should have power to distribute his experts not only at important stations but wherever he deems necessary.

Section 1 says technical board shall be under control of the Allied committee. This would take all control of operation away from technical board or its president and would neutralize all succeeding paragraphs. I could not agree to this. I see no reason why, if good faith is intended, matter can not be put in plain takers [terms]. I think your [supposition wrong?] that president is given full power by the wording of the proposed agreement. I fail to see that president is independent in the last analysis of technical board.

Of course there can be no objection to the 5th section. If an agreement can be reached, absolutely necessary that War Department distributes American troops sufficient numbers along the line as far as Japanese are quartered. I would like to hear from you as to above points. I can not see the way to express views to the Department without further consideration.

December 30, 2 p. m. Further. Your [my] cable December 29, 7 p. m. (1) Technical board, in all matters operation and railway economics, must be independent of Allied committee; (2) president technical board must not be under control of board in matters of operation; he must be free to exercise his judgment in such matters, regardless of views of the majority of board; (3) president must have absolute power to enforce and make effective his orders to any and all Russian railway officials; (4) protection of railway by Allied troops must mean that American soldiers shall be distributed in sufficient numbers as far west as are Japanese soldiers.

Above in addition and elaboration of my cable yesterday. Careful study of the amended proposition forces me to the conclusion

that it can be construed as making no essential change from the original. I agree with you that we should effect change of policy but feel that ambiguous wording of plan should be eliminated. Why not have takers [terms] put in language that can not be mistaken?

I have replied to-day as follows:

December 31, 7 p. m. Your telegram of December 29, 7 p. m.  
Answering your questions and comments:

1. I have a definite understanding with the Japanese Foreign Office that if the plan now submitted is approved, you are to be named as president, and this understanding will be confirmed in writing to our Government before formal assent is given.

2. Personally I think it would be a mistake to require authority in economic questions such as freight and passenger tariffs. Such questions, it seems to me, should be determined by the technical board subject to the control of the inter-Allied committee as provided in the agreement. Otherwise there would be continued criticism and suspicion both by Russians and by competing nationalities, particularly if trade conditions in Siberia improve.

3. I submit that you have not given to sections 2 and 3 (which should be read together) the full import of their wording. Delegating of power to the president is contained in the words, "To whom shall be intrusted the technical operation of the railways." That is a grant so broad that to enumerate any specific powers would only limit rather than enlarge it. As it stands it is only limited by the requirement in section 2 that "at the head of each railway shall remain a Russian manager or director," not the present managers or directors necessarily but Russian managers or directors, and to them you are authorized to issue instructions and if anyone should not obey I assume you would discharge him and appoint some other Russian. One specific power is given, which by its very nature does enlarge the general power, and that is the authority to employ other nationalities as assistants, experts, and inspectors. This is a power specified because it would not be of necessity implied with their general power to operate Russian railways.

As to the phrase "More important stations," you would be the judge.

4. You are right that the administrative acts of the technical board are subject to the control of the inter-Allied committee, and one of these administrative acts is to elect a president, to whom, by the terms of the agreement itself, is intrusted the technical operation of the railways. While the technical board, with the approval of the inter-Allied committee, elects the president and thus fulfills its first purpose of administrating the technical management on many railways, neither it nor the Allied committee can interfere with or modify the authority of the president, so elected because the authority was conferred directly by the agreement of the associated nations and not by the action of the committee or the board. I can not therefore agree with your conclusion that the authority of the president could be neutralized. After electing the president, the inter-Allied committee and the technical committee have no further control over technical operation and are limited to economic questions.

5. I agree with you that the wording could be more simple and direct, but the issues involved were not simple and the methods of meeting them have not always been direct. You know the history of this agreement from your first outline and Horvat's draft and Ustrugov's<sup>1</sup> objections and amendments to the present time and you know how much sensitiveness on our [their?] side had to be overcome. In my judgment this agreement proves that they have in large measure been overcome and while I appreciate the practical difficulties ahead, I have absolute confidence with their [in our?] ability to solve them with the authority that this agreement gives us.

Many rumors are in circulation at the close of recent developments in Omsk. I received the following from Stevens this morning:

December 30, 3 p. m. Have report from Omsk, which so far can not verify as telegraphic communication cut off, that Kolchak killed and Grand Duke Michael now the head of the government. If it is true, undoubtedly effort to restore monarchy. I have not advised Department.

. . . correspondent of the . . . , arrived here on way home. Has been through Siberia as far as Ural Mountains and had unusual opportunities to observe conditions. His knowledge of Russian language greatly aided him in many conferences with leading men. He was in Omsk both before and after the proclamation of Kolchak's dictatorship. He reports that the Kolchak movement was engineered by former officials of old régime and in the interest of a monarchy; that it has been most unfavorably received in those parts of Siberia through which he passed and that he is convinced that General Knox was involved in it. It is most unfortunate that General Knox continues to interfere in these internal controversies. He seems to have been a disturbing factor from the day of his arrival. I fear that his activities may be interpreted by many Russians as expressing the views of the Associated Governments.

MORRIS

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File No. 861 77/597

*The Acting Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, January 4, 1919, 6 p. m.

Your December 31, 7 p. m. If you deem advisable transmit following message from Department for Stevens:

The Department is greatly concerned because of the reports received daily of the distress in Siberia due to the present intolerable

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<sup>1</sup>Assistant Minister of Ways of Communication under Kerensky; later Minister of Ways of Communication in the successive Siberian governments.

conditions of transportation. It would seem that some plan of action must be adopted at once as the position is now such that the responsibility for further delay in attempting to solve this vital problem may be, with reason, laid upon us and that, therefore, unless we are willing to undertake the task in the face of existing difficulties we should promptly give way to others who will. The Department is eagerly awaiting your decision as to the plan as finally presented to you by Ambassador Morris.

For your personal information Department commends as a working basis the modified plan you have secured and believes it should be tried but as Stevens must operate plan believes decision must rest with him especially in view of opinions he has expressed.

POLK

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File No. 861.77/607

*The Chairman of the Advisory Commission of Railway Experts to Russia (Stevens) to the Secretary of State*

[Telegram]

HARBIN, January 8, 1919, 5 p. m.

[Received January 10, 9.25 a. m.]

I am ready and willing to immediately go ahead with the plan of operating the railways which evolved after long negotiations. I have asked Ambassador Morris to complete formalities as early as possible. Myself and service corps are ready to act at once.

STEVENS

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File No. 861.77/605

*The Ambassador in Japan (Morris) to the Secretary of State*

[Telegram]

TOKYO, January 9, 1919, 7 p. m.

[Received 10.35 p. m.]

Pursuant to Stevens's telegram to Department. I have just accepted Japanese plan and negotiations are satisfactorily closed here. Details follow.

MORRIS

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File No. 861.77/607

*The Acting Secretary of State to the Ambassador in Japan (Morris)*

[Telegram]

WASHINGTON, January 13, 1919, 8 p. m.

Please note and transmit to Stevens:

Department is gratified to know that you feel willing to undertake modified plan which has resulted from the negotiations at

Tokyo. It is believed that Mr. Morris has shown very great tact and ability in reaching a frank and friendly understanding with the Japanese Government and it is very much hoped that you may now have an opportunity to reap some reward from your own long and patient effort, also the men of the service corps.

POLK

117328-32-23

## CHAPTER V

### TREATMENT OF RUSSIAN SHIPPING

Charter of Several Ships of the Volunteer Fleet to the United States Shipping Board, March 30, 1918—Requisition of Russian Ships by the British Government—Agreement by the United States to the Exclusion of Russian Ships from the Principle of Equal Division of Chartered Tonnage—Protest of the Soviet Government against Seizure of Ships, June 12, 1918—Failure to Provide Ships for the Kamchatka Fishing Service

File No 661 119Vessels/12

*The Russian Ambassador (Bakhmeteff) to the Counselor for the Department of State (Polk)*

WASHINGTON, March 16, 1918.

MY DEAR MR. POLK: Referring to the question of chartering the Russian Volunteer Fleet steamers to the United States Government, I have directed Mr. C. J. Medzikhovski, the Russian commercial attaché, and Mr. I. Shestakovski, agent of the Russian Volunteer Fleet, to confer with the United States Shipping Board.

As a consequence of conferences between the above-mentioned gentlemen and Mr. Carey and his assistant Mr. Mallory, it has been agreed that the S.S. *Nijni Novgorod* (4,300 tons), S.S. *Kishinev* (3,100 tons), and S.S. *Toula* (3,100 tons), now lying at Seattle; the S.S. *Omsk* (12,000 tons), now lying at Norfolk; the S.S. *Irtysh* (7,100 tons), S.S. *Novgorod* (7,590 tons), and S.S. *Yaroslavl* (5,500 tons), all expected to arrive in New York or some other United States port in a short time, will be chartered by the United States Shipping Board on the so-called bare-boat form charter.

It is understood, however, that the steamers are to remain under the Russian flag and accordingly the master and part of the officers have to be Russian citizens.

It is further understood that, when the transportation of goods from America to Russia will be resumed again, the above-mentioned ships, or an equal tonnage, will be put at the disposal of the Russian Embassy if notice is given at a reasonable time.

As the above principles meet my approval I am prepared to direct Mr. Medzikhovski, the commercial attaché, with Mr. Shestakovski's assistance, to work out the details of the arrangements and to have them executed on the Russian part in due form as soon as I am

informed that the transaction meets the consent of the United States Government.

Accept [etc.]

B. BAKHMETEFF

File No. 661 119 Vessels/14

*The Admiralty Counsel of the United States Shipping Board  
(Huger) to the Secretary of State*

[Extract]

WASHINGTON, March 29, 1918.

DEAR SIR: The Shipping Board is negotiating with the Russian Ambassador, and will this afternoon execute a number of charter parties for the use of various vessels of the Russian Volunteer Fleet. The following letter has been handed to us as the authority for Mr. Medzikhovski to execute the charter parties:

I hereby authorize Mr. C. J. Medzikhovski, commercial attaché to the Russian Embassy, to charter steamships of the Russian Volunteer Fleet to the United States Government on conditions which he may consider proper; to execute and sign charters and other necessary documents, his signature being applied on behalf of the Provisional Government of Russia. Boris A. Bakhmeteff.

Very truly yours,

ALFRED HUGER

File No. 195 2/1637a

*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, March 30, 1918, 4 p. m.

7086. Russian steamers *Yaroslavl* and *Novgorod* are proceeding from White Sea and will probably call at British port. They are among several ships of Russian Volunteer Fleet now chartered to United States Shipping Board. Terms of agreement provide they may be taken over either in British or American port. Please advise British authorities at once. Shipping Board will give full instructions to London representative.

LANSING

File No. 861.85/7a

*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, April 3, 1918, 5 p. m.

7124. Referring Department's 7086, March 30, 4 p. m. Russian Volunteer Fleet steamers *Kamenetz-Podolsk* and *Vologda* now at

Canadian port. Please advise Department status of these vessels also any other Volunteer Fleet steamers in British ports. Russian Embassy here has inquired of General Hermonius, chairman, Russian Supply Committee, London, but no answer. Confer with him. Shipping Board requests you advise London representative of result.

LANSING

File No 861.85/7

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*The Ambassador in Great Britain (Page) to the Secretary of State*

[Telegram]

LONDON, April 5, 1918, 2 p. m.

[Received 3.01 p. m.]

9359. Your 7124, April 3, 5 p. m. Ministry of Shipping advise American section Allied Maritime Transport Council that steamship *Vologda* will probably be taken over by requisition of British Government to-day. She will be placed under British flag. Steamship *Kamenetz-Podolsk* is already under requisition by British Government and under British flag. All other vessels in British ports are already requisitioned and under British flag. Rate of compensation has not yet been decided by British Government as steamers requisitioned are considered state property, but it seems possible Russian Government will eventually be credited with the net hire on basis of blue-book rates.

It also appears that Lord Reading has been cabled full particulars regarding British view of status of Russian Volunteer Fleet steamers and that he has been requested to communicate with Shipping Board.

PAGE

File No 861 85/8

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*The Consul at Vladivostok (Caldwell) to the Secretary of State*

[Telegram]

VLADIVOSTOK, April 17, 1918

[Received 1.59 p. m.]

Following telegram sent to-day at request Russian Volunteer Fleet, who state their steamers detained Seattle:

Shestakovski, Russian Volunteer Fleet agent, New York: Steamships *Nizni Novgorod*, *Kishinev*, *Touda* are used every year for regular Kamchatka trips, have no substitute as all our steamers are working on regular lines during navigation as per time-table; without said steamers needs of Kamchatka can not be satisfied which will greatly affect not only Kamchatka's population, who have no communication during about five months, but also this country and Russia where cargoes of fish caviar are imported. Without these steamers, which are of larger size than others, Kamchatka will be

half satisfied which will ruin fishing merchants working on Kamchatka every year. Kuzemenko.

I hereby confirm above statements. Caldwell, American Consul.

Steamers are required for Kamchatka fishing season and I request that they be released.

CALDWELL

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File No 861 85/11

*The Russian Ambassador (Bakhmeteff) to the Secretary of State*

WASHINGTON, April 25, 1918.

MY DEAR MR. SECRETARY: Referring to the cablegrams from the American Consul in Vladivostok, regarding certain steamers of the Russian Volunteer Fleet, copies of which you kindly forwarded to me, I wish to bring to your attention that the boats mentioned, namely *Nizni Novgorod*, *Kishinev* and *Toula*, are part of the Volunteer Fleet steamers which were chartered on the 30 March to the United States Shipping Board. Therefore any disposal of these boats for Kamchatka service would necessitate a special arrangement with the United States Government.

Ordinarily these boats used to carry different supplies for the Kamchatka population, however the bulk of their cargo being salt, different implements and materials for the extensive fisheries of the northeast Asiatic coast. On their return voyage these boats brought back large amounts of salted fish and other products of the fisheries which, besides what was used for local consumation, was shipped from Vladivostok by rail to the interior of Russia.

Before considering any actual arrangements for providing the Kamchatka fisheries with necessary tonnage, it appears advisable to ascertain definitely to what measure the conditions prevailing at present in Russia affect the fisheries trade of the Russian Far East. The extent of actual operations which will take place during the coming season will depend on the amount of salt and other materials which can be provided in Vladivostok, on the labor market as well as on the storage capacities of the Vladivostok harbor, and especially on the transportation conditions of the Trans-Siberian Railroad.

It seems therefore desirable that the American Consul at Vladivostok should be directed to furnish specific data as to the real prospects of the fisheries trade for the coming season and would communicate the amount of tonnage actually required in the present conjuncture.

As to the S.S. *Simferopol*, detained at Manila, I beg leave to advise that this boat is a rather small vessel of less than two thousand tons deadweight. This boat could be utilized immediately for

Kamchatka service, postponing general decisions until further information is available. As the Kamchatka cruises usually start early in May, I venture to suggest that the S. S. *Simferopol* be released from Manila at the earliest possible date and be directed to proceed to Vladivostok.

I avail [etc.]

B. BAKHMETEFF

File No. 861.85/15a

*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, April 30, 1918, 5 p. m.

7503. For Sheldon [from War Trade Board]:

410. Please cable us names of Russian steamers requisitioned by Great Britain. We assume that the United States is entitled to the use of 50 per cent of these vessels or equivalent in other tonnage, as we agreed to treat the requisitioned Dutch boats as subject to the fifty-fifty arrangement on the understanding that Great Britain would act reciprocally with respect to tonnage requisitioned by her.

LANSING

File No. 861.85/14

*The Ambassador in Great Britain (Page) to the Secretary of State*

[Telegram]

LONDON, May 13, 1918, 6 p. m.

[Received 11.27 p. m.]

10034. War Trade Board [from Sheldon]:

575. The following names of Russian steamers requisitioned by the British. His Majesty's Government only regard principle of 50 per cent division between British and United States Governments as applying to neutral and ex-enemy tonnage, and had not considered this as applying to Russian ships. They are willing, however, to agree to 50 per cent division of those ships which were not previously engaged in European-Allied service prior to November 24, 1917, this reservation being the same as that made by the United States Government in respect to the Norwegian vessels. His Majesty's Government state that they expect the United States Government to apply same principle of division to any Japanese ships that may be acquired by negotiation.

(a) In European-Allied service previously, steamers *Ekaterinoslav*, gross tons 6,581, *Tambov* 4,441, *Yaroslavl* 4,495, *Novgorod* 5,285, *Voronej* 5,616, *Mogilev* 6,377, *Kamenetz-Podolsk* 5,071, *Vologda* 4,784, *Krasnoiarsk* 5,812, *Ellind* 2,826, *Soroka* 1,680, *Odessa* 1,679, *Umba* 2,042, *Claudius Aulagnon* 3,967, *Sibir* 2,907, *Ibis* 2,358, *Altai*

3,756, *Biruta* 1,732, *Graf Stroganoff* 2,911, *Zimorodok* 3,578, *Kurland* 896, *Marie Rose* 3,023, *Bjarmia* 1,386, *Trio* 678, *Constantia* 772, *Sirius* 1,004, *Agnes* 877, *Leda* 1,208, *Sicilia* 1,794, *Alexa* 605, *Czar* 6,516, *Czaritza* 6,598, *Dwinsk* 8,173, *Kursk* 7,869, *Katie* 2,423, *Ethelaida* 2,669, *Vitim* unknown.

(b) Not in European-Allied service previously, owners eastern trade, *Eduard Bary* 1,794, *Ivan Azbeteff* 1,801, *Ural* 2,063, *Baikal* 2,269, *Eugenia* 2,079, *Indighirka* 2,336, *Tobolsk* 2,693.

PAGE

File No 861.85/14

*The Secretary of State to the Ambassador in Great Britain (Page)*

[Telegram]

WASHINGTON, May 22, 1918, 11 a. m.

7854. For Sheldon [from War Trade Board]:

524. Your 575, Embassy 10034, May 13, 6 p. m. We recognize the force of the British view relative to requisitioned Russian shipping and will not press for application of principle of equal division of this tonnage.

LANSING

File No 861.85/23

*The Ambassador in Russia (Francis) to the Secretary of State*

[Telegram]

VOLOGDA, June 15, 1918.

[Received June 26, 5.45 a. m.]

271. Chicherin sent communication 12th to Consulate General concerning our seizure of ships of Russian Volunteer Fleet; cites *Simferopol* in Manila, April last; also *Nijni Novgorod*, *Toula* and *Kishinev* which states were chartered end of last year for transport service on Pacific with promise would be sent Vladivostok towards middle April but were seized by us about April 1; details of seizure unknown but information thereof received from Russian mercantile marine agent, New York, with the suggestion that we wish use same in accordance with "bare-ship basis," whatever that is. Communication proceeds:

Mercantile Voluntary Fleet of Far East has protested, by telegraph, against seizure; emphasizing necessity of return as ships indispensable for communication between important ports in north also for facilitating fishing trade.

Commissariat begs Consulate General to approach our Government on this subject so that necessary steps may be immediately taken and ships returned Russian mercantile marine as soon as possible.

Chicherin sends Lockhart similar communication same date. Cites ships *Vitim* en route Singapore; also *Tobolsk* and *Indighirka* seized at Hong Kong, "for the war on basis of Anglo-Russian convention 1916"; communication also mentions ships of Volunteer Fleet navigating White Sea held up by English.

Lockhart communication ends: "when Russia made peace with Central powers treaty mentioned lost all lawful power consequently can not be used without Russia violating her neutrality."

FRANCIS

File No. 861 85/15

*The Secretary of State to the Russian Ambassador (Bakhmeteff)*

No. 53

WASHINGTON, June 27, 1918.

EXCELLENCY: I have the honor to refer to my note to you of April 22, 1918, in which there was transmitted to you a telegram dated April 18, 1918, requesting the release of the Russian vessel *Simferopol*, detained at Manila.<sup>1</sup> I take pleasure in informing you that after a full investigation and after a part of the crew had been discharged and replaced by Philippine sailors, it was considered safe to permit the vessel in question to proceed on its voyage under the command of its original captain and the vessel was accordingly released on May 22, 1918.

Accept [etc.]

ROBERT LANSING

File No. 861 85/26

*The Consul at Vladivostok (Caldwell) to the Secretary of State*

[Telegram]

VLADIVOSTOK, July 10, 1918.

[Received July 11, 1918 p. m.]

42. Fishermen's association urgently requests release Russian Volunteer Fleet steamers, *Nijni Novgorod*, *Toul*, *Kishinev*, seized in America, to prevent ruin Russian Pacific fishing industry. Unless released for duration fishing season or replaced by other steamers they claim two-thirds season's catch, amounting to 36,000 tons, and several thousand fishermen can not be brought down before winter and will add to sufferings of local population dependent for necessary supplies on above ships. Efforts secure ships Japan fruitless and I earnestly recommend release of above ships till October or substitution of others.

CALDWELL

<sup>1</sup> Not printed

File No 861 85/26

*The Acting Secretary of State to the Consul at Vladivostok  
(Caldwell)*

[Telegram]

WASHINGTON, July 20, 1918, 2 p. m.

Your 42, July 10. *Nijni Novgorod*, *Toula* and *Kishinev* now in service on the Atlantic. Department understands that Volunteer Fleet steamers *Indighirka* and *Tobolsk* are now held by British authorities at Hong Kong and *Penza* by Chinese authorities at Shanghai. It is suggested that fishermen's association should apply direct to British and Chinese authorities for release of these steamers which are already in the Pacific. You may lend your good offices in acquainting British and Chinese consuls of information you have regarding necessity for additional shipping in fishing and Kamchatka trade.

POLK

File No 861 85/35

*The Chargé in China (MacMurray) to the Secretary of State*

[Telegram]

PEKING, July 26, 1918, 7 p. m.

[Received July 26, 5.15 p. m.]

Your July 20, 2 p. m.<sup>1</sup> Steamship *Penza* has resumed regular journeys between Vladivostok and Shanghai and is under no control by the Chinese Government save for a special passport control exercised by the local authorities while within Chinese territorial waters. I am so informing consulate at Vladivostok.

MACMURRAY

File No 861 85/40

*The Acting Secretary of State to the Consul at Vladivostok  
(Caldwell)*

[Telegram]

WASHINGTON, August 7, 1918, 6 p. m.

Department's [telegram of July 20, answering your] 42. British Ministry of Shipping has informed our Embassy at London that steamers *Tobolsk* and *Indighirka* are not being held at Hong Kong, but are employed in important services from which they can not be spared.

POLK

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<sup>1</sup> Not printed.

File No 861 85/42

*The Division of Operations of the United States Shipping Board  
Emergency Fleet Corporation (Steele) to the Assistant of the  
Counselor for the Department of State (Auchincloss)*

WASHINGTON, August 16, 1918.

[Received August 17.]

DEAR SIR: We beg to hand you herewith copy of memorandum under date of August 9 addressed to Mr. Munson of the War Trade Board, also copy of cable from the Governor General of the Philippine Islands which only reached us August 15.<sup>1</sup> You will note the Governor General of the Philippine Islands requests that necessary steps be taken with the Japanese Ambassador to have vessel [*Simferopol*] return to Manila with coal where legal proceedings may determine questions involved.

We are passing this matter on to you, and will appreciate your taking it up with the Japanese Ambassador along the above lines, at the same time keeping us advised.

Very truly yours,

Division of Operations  
By SEMMES STEELE

[Enclosure—Extract]

*Memorandum to Mr. Munson regarding the Russian steamer "Simferopol"*

. . . Under date of May 24, we cabled the Governor General of the Philippine Islands in accordance with your instructions to grant license, permitting the vessel to proceed from Manila in Kamchatka trade.

The vessel later asked for the permission of calling at Shanghai or Kobe to drydock, prior to proceeding in the Kamchatka trade, which permission was cabled to the Governor General of the Philippines under date of June 6. The captain later stated that the vessel had missed her season for the Kamchatka trade, and requested permission to operate in inter-island Saigon rice trade between the Philippine Islands, China, Japan and Australia, which permission was granted in accordance with your instructions under date of June 27, subject to guarantee that vessel would not touch at any Russian port. At the request of the State Department this guarantee was waived and the vessel was allowed to report to the manager of the Volunteer Fleet in Japan, and then proceed to Vladivostok. On arrival at Kobe the vessel was seized by the alleged manager of the Russian Volunteer Fleet, claiming that the captain was without authority to charter. . . .

L. L. RICHARDS  
Bureau of Transportation  
J. A. ROBINSON

<sup>1</sup> Not printed.

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